UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended **June 30, 2004**

or

[ ] TRANSITION REPORT PURSUANT SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number	Registrant, State of Incorporation, Address and Telephone Number	I.R.S. Employer Identification Number
0-33207	**GREAT PLAINS ENERGY INCORPORATED** (A Missouri Corporation) 1201 Walnut Street Kansas City, Missouri 64106 (816) 556-2200 www.greatplainsenergy.com	43-1916803
1-707	**KANSAS CITY POWER & LIGHT COMPANY** (A Missouri Corporation) 1201 Walnut Street Kansas City, Missouri 64106 (816) 556-2200 www.kcpl.com	44-0308720

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No _

Indicated by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Great Plains Energy Incorporated Yes X No _ Kansas City Power & Light Company Yes _ No X

As of August 2, 2004 the number of shares outstanding of (i) Great Plains Energy's common stock was 74,262,553 and (ii) Kansas City Power & Light Company's common stock was one, which was held by Great Plains Energy Incorporated.

Great Plains Energy Incorporated and Kansas City Power & Light Company separately file this combined Quarterly Report on Form 10-Q. Information contained herein relating to an individual registrant and its subsidiaries is filed by such registrant on its own behalf. Each registrant makes representations only as to information relating to itself and its subsidiaries.

The terms "Great Plains Energy", "Company", "KCP&L", and "consolidated KCP&L" are used throughout this report. "Great Plains Energy" and the "Company" refer to Great Plains Energy Incorporated and its consolidated subsidiaries, unless otherwise indicated. "KCP&L" refers to Kansas City Power & Light Company, and "consolidated KCP&L" refers to KCP&L and its consolidated subsidiaries.

This report should be read in its entirety. No one section of the report deals with all aspects of the subject matter.

CAUTIONARY STATEMENTS REGARDING CERTAIN FORWARD-LOOKING INFORMATION

Statements made in this report that are not based on historical facts are forward-looking, may involve risks and uncertainties, and are intended to be as of the date when made. In connection with the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, the registrants are providing a number of important factors that could cause actual results to differ materially from the provided forward-looking information. These important factors include:

- *future economic conditions in the regional, national and international markets, including but not limited to regional and national wholesale electricity markets*
- *market perception of the energy industry and the Company*
- *changes in business strategy, operations or development plans*
- *effects of current or proposed state and federal legislative and regulatory actions or developments, including, but not limited to, deregulation, re-regulation and restructuring of the electric utility industry and constraints placed on the Company's actions by the Public*
- *adverse changes in applicable laws, regulations, rules, principles or practices governing tax, accounting*

and environmental matters including, but not limited to, air quality

- *financial market conditions and performance including, but not limited to, changes in interest rates and in availability and cost of capital and the effects on the Company's pension plan assets and costs*
- *ability to maintain current credit ratings*
- *inflation rates*
- *effectiveness of risk management policies and procedures and the ability of counterparties to satisfy their contractual commitments*
- *impact of terrorist acts*
- *increased competition including, but not limited to, retail choice in the electric utility industry and the entry of new competitors*
- *ability to carry out marketing and sales plans*
- *weather conditions including weather-related damage*
- *cost, availability and deliverability of fuel*
- *ability to achieve generation planning goals and the occurrence of unplanned generation outages*
- *delays in the anticipated in-service dates of additional generating capacity*
- *nuclear operations*
- *ability to enter new markets successfully and capitalize on growth opportunities in non-regulated businesses*
- *performance of projects undertaken by the Company's non-regulated businesses and the success of efforts to invest in and develop new opportunities, and*
- *other risks and uncertainties.*

This list of factors is not all-inclusive because it is not possible to predict all factors.

GLOSSARY OF TERMS

The following is a glossary of frequently used abbreviations or acronyms that are found throughout this report:

Abbreviation or Acronym	Definition
2003 Form 10-K	Combined 2003 Annual Report on Form 10-K, as amended by Amendment No. 1 on Form 10-K/A and by the Current Report on Form 8-K dated May 12, 2004
35 Act	Public Utility Holding Company Act of 1935, as amended
AOCI	Accumulated Other Comprehensive Income
ARO	Asset Retirement Obligations
CAIR	Clear Air Interstate Rule
CO2	Carbon Dioxide
Clean Air Act	Clean Air Act Amendments of 1990
Compact	Central Interstate Low-Level Radioactive Waste Compact
Company	Great Plains Energy Incorporated and its subsidiaries
Consolidated KCP&L	KCP&L and its subsidiary, HSS
Custom Energy Holdings	Custom Energy Holdings, L.L.C.
DOE	Department of Energy
EBITDA	Earnings before interest, income taxes, depreciation and amortization
EEI	Edison Electric Institute
EIRR	Environmental Improvement Revenue Refunding
EPA	Environmental Protection Agency
EPS	Earnings per common share
ERISA	Employee Retirement Income Security Act of 1974
FASB	Financial Accounting Standards Board
FELINE PRIDES[SM]	Flexible Equity Linked Preferred Increased Dividend Equity Securities, a service mark of Merrill Lynch & Co., Inc.
FERC	Federal Energy Regulatory Commission
GDP	Gross Domestic Product
GPP	Great Plains Power Incorporated, a wholly-owned subsidiary of Great Plains Energy
Great Plains Energy	Great Plains Energy Incorporated and its subsidiaries
HSS	Home Service Solutions Inc., a wholly-owned subsidiary of KCP&L
IEC	Innovative Energy Consultants Inc., a wholly-owned subsidiary of Great Plains Energy
KCP&L	Kansas City Power & Light Company, a wholly-owned subsidiary of Great Plains Energy
KLT Energy Services	KLT Energy Services Inc., a wholly-owned subsidiary of KLT Inc.
KLT Gas	KLT Gas Inc., a wholly-owned subsidiary of KLT Inc.
KLT Gas portfolio	KLT Gas natural gas properties
KLT Inc.	KLT Inc., a wholly-owned subsidiary of Great Plains Energy
KLT Investments	KLT Investments Inc., a wholly-owned subsidiary of KLT Inc.
kWh	Kilowatt hour
MAC	Material Adverse Change

MACT	Maximum Achievable Control Technology
MPSC	Missouri Public Service Commission
MWh	Megawatt hour
NEIL	Nuclear Electric Insurance Limited
NOx	Nitrogen Oxide

Abbreviation or Acronym	Definition
NRC	Nuclear Regulatory Commission
OCI	Other Comprehensive Income
RSAE	R.S. Andrews Enterprises, Inc., a subsidiary of HSS
RTO	Regional Transmission Organization
Receivables Company	Kansas City Power & Light Receivables Company, a wholly-owned subsidiary of KCP&L
SE Holdings	SE Holdings, L.L.C.
SEC	Securities and Exchange Commission
Services	Great Plains Energy Services Incorporated
SFAS	Statement of Financial Accounting Standards
SIP	State Implementation Plan
SOx	Sulfur Oxide
SPP	Southwest Power Pool, Inc.
Strategic Energy	Strategic Energy, L.L.C., a subsidiary of KLT Energy Services
WCNOC	Wolf Creek Nuclear Operating Corporation
Wolf Creek	Wolf Creek Generating Station
Worry Free	Worry Free Service, Inc., a wholly-owned subsidiary of HSS

PART I - FINANCIAL INFORMATION
Item 1. Consolidated Financial Statements

GREAT PLAINS ENERGY
Consolidated Balance Sheets
(Unaudited)

	June 30 2004	December 31 2003
ASSETS	(thousands)	
Current Assets		
Cash and cash equivalents	$ 249,588	$ 114,227
Restricted cash	19,460	20,850
Receivables	247,831	240,344
Fuel inventories, at average cost	23,407	22,543
Materials and supplies, at average cost	51,571	56,599
Deferred income taxes	2,715	686
Assets of discontinued operations	28,117	27,830
Other	49,708	14,293
Total	672,397	497,372
Nonutility Property and Investments		
Affordable housing limited partnerships	48,166	52,644
Nuclear decommissioning trust fund	77,090	74,965
Other	44,457	44,428
Total	169,713	172,037
Utility Plant, at Original Cost		
Electric	4,789,944	4,700,983
Less-accumulated depreciation	2,137,803	2,082,419
Net utility plant in service	2,652,141	2,618,564
Construction work in progress	50,538	53,250
Nuclear fuel, net of amortization of $120,547 and $113,472	25,030	29,120

Total	2,727,709	2,700,934
Deferred Charges		
Regulatory assets	148,753	145,627
Prepaid pension costs	98,367	108,247
Goodwill	86,728	26,105
Other deferred charges	76,007	31,628
Total	409,855	311,607
Total	$ 3,979,674	$ 3,681,950

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

GREAT PLAINS ENERGY
Consolidated Balance Sheets
(Unaudited)

	June 30 2004	December 31 2003
LIABILITIES AND CAPITALIZATION	(thousands)	
Current Liabilities		
Notes payable	$ 17,000	$ 87,000
Current maturities of long-term debt	212,317	59,303
EIRR bonds classified as current	129,288	129,288
Accounts payable	206,687	186,747
Accrued taxes	62,937	39,886
Accrued interest	12,114	11,937
Accrued payroll and vacations	23,780	34,762
Accrued refueling outage costs	6,962	1,760
Supplier collateral	19,460	20,850
Liabilities of discontinued operations	3,289	4,607
Other	27,446	28,944
Total	721,280	605,084
Deferred Credits and Other Liabilities		
Deferred income taxes	616,278	609,333
Deferred investment tax credits	35,579	37,571
Asset retirement obligations	110,128	106,694
Pension liability	91,651	89,488
Other	101,536	79,141
Total	955,172	922,227
Capitalization		
Common stock equity		
Common stock-150,000,000 shares authorized without par value		
74,259,203 and 69,259,203 shares issued, stated value	761,424	611,424
Unearned compensation	(1,405)	(1,633)
Capital stock premium and expense	(32,444)	(7,240)
Retained earnings	402,175	391,750
Treasury stock-90 and 3,265 shares, at cost	(3)	(121)
Accumulated other comprehensive loss	(28,822)	(36,886)
Total	1,100,925	957,294
Cumulative preferred stock $100 par value		
3.80% - 100,000 shares issued	10,000	10,000
4.50% - 100,000 shares issued	10,000	10,000
4.20% - 70,000 shares issued	7,000	7,000
4.35% - 120,000 shares issued	12,000	12,000
Total	39,000	39,000
Long-term debt (Note 6)	1,163,297	1,158,345
Total	2,303,222	2,154,639

Commitments and Contingencies (Note 12)		
Total	$ 3,979,674	$ 3,681,950

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

GREAT PLAINS ENERGY
Consolidated Statements of Income
(Unaudited)

	Three Months Ended June 30		Year to Date June 30	
	2004	**2003**	**2004**	**2003**
	(thousands)			
Operating Revenues				
Electric revenues - KCP&L	$ 274,625	$ 247,315	$ 521,160	$ 481,707
Electric revenues - Strategic Energy	338,029	254,824	632,140	483,776
Other revenues	846	858	1,678	1,722
Total	613,500	502,997	1,154,978	967,205
Operating Expenses				
Fuel	42,256	37,110	82,856	74,504
Purchased power - KCP&L	17,353	15,868	29,820	31,941
Purchased power - Strategic Energy	307,404	226,003	571,758	425,946
Other	77,906	70,688	157,640	140,193
Maintenance	23,559	23,798	44,030	46,750
Depreciation and depletion	37,565	35,410	74,085	70,677
General taxes	25,303	23,700	50,024	48,108
Gain on property	(123)	(20,523)	(158)	(20,550)
Total	531,223	412,054	1,010,055	817,569
Operating income	82,277	90,943	144,923	149,636
Non-operating income	1,557	2,313	2,969	3,578
Non-operating expenses	(3,577)	(2,218)	(6,479)	(6,940)
Interest charges	(18,966)	(19,417)	(37,305)	(38,891)
Income from continuing operations before income taxes, loss from equity investments and minority interest in subsidiaries	61,291	71,621	104,108	107,383
Income taxes	19,949	10,130	32,112	21,261
Loss from equity investments	(306)	(293)	(613)	(586)
Minority interest in subsidiaries	410	(2,221)	(435)	(4,475)
Income from continuing operations	41,446	58,977	70,948	81,061
Gain (Loss) from discontinued operations, net of income taxes (Notes 7 and 8)	159	(8,091)	(2,019)	(15,620)
Net income	41,605	50,886	68,929	65,441
Preferred stock dividend requirements	412	412	823	823
Earnings available for common stock	$ 41,193	$ 50,474	$ 68,106	$ 64,618
Average number of common shares outstanding	70,193	69,186	69,725	69,188
Basic and diluted earnings per common share				
Continuing operations	$ 0.59	$ 0.85	$ 1.01	$ 1.16
Discontinued operations	-	(0.12)	(0.03)	(0.23)
Basic and diluted earnings per common share	$ 0.59	$ 0.73	$ 0.98	$ 0.93
Cash dividends per common share	$ 0.415	$ 0.415	$ 0.83	$ 0.83

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

GREAT PLAINS ENERGY
Consolidated Statements of Cash Flows
(Unaudited)

Year to date June 30	**2004**	**2003**
	(thousands)	
Cash Flows from Operating Activities		
Net income	$ 68,929	$ 65,441
Less: Loss from discontinued operations, net of income taxes	(2,019)	(15,620)
Income from continuing operations	70,948	81,061
Adjustments to reconcile income to net cash from operating activities:		
Depreciation and depletion	74,085	70,677
Amortization of:		
Nuclear fuel	7,075	7,026
Other	4,990	5,773
Deferred income taxes (net)	(1,384)	(2,278)
Investment tax credit amortization	(1,992)	(1,997)
Loss from equity investments	613	586
Gain on property	(158)	(20,550)
Minority interest	435	4,475
Other operating activities (Note 4)	(15,789)	7,673
Net cash from operating activities	138,823	152,446
Cash Flows from Investing Activities		
Utility capital expenditures	(103,900)	(79,631)
Allowance for borrowed funds used during construction	(801)	(781)
Purchases of investments	(1,776)	(1,743)
Purchases of nonutility property	(3,254)	(1,035)
Proceeds from disposition of property	1,872	23,347
Purchase of additional indirect interest in Strategic Energy	(89,994)	-
Hawthorn No. 5 partial insurance recovery	30,810	3,940
Hawthorn No. 5 partial litigation settlements	813	-
Other investing activities	(5,160)	1,958
Net cash from investing activities	(171,390)	(53,945)
Cash Flows from Financing Activities		
Issuance of common stock	150,000	-
Issuance of long-term debt	163,600	-
Issuance fees	(10,158)	-
Repayment of long-term debt	(4,121)	(132,548)
Net change in short-term borrowings	(70,000)	109,747
Dividends paid	(58,308)	(58,247)
Other financing activities	(3,085)	(4,609)
Net cash from financing activities	167,928	(85,657)
Net Change in Cash and Cash Equivalents	135,361	12,844
Cash and Cash Equivalents from Continuing Operations at Beginning of Year	114,227	65,506
Cash and Cash Equivalents from Continuing Operations at End of Period	$ 249,588	$ 78,350
Net Change in Cash and Cash Equivalents from Discontinued Operations	$ 198	$ (95)
Cash and Cash Equivalents from Discontinued Operations at Beginning of Year	168	95
Cash and Cash Equivalents from Discontinued Operations at End of Period	$ 366	$ -

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

GREAT PLAINS ENERGY
Consolidated Statements of Common Stock Equity
(Unaudited)

Three Months Ended June 30	**2004**		**2003**	
	Shares	**Amount**	**Shares**	**Amount**
		(thousands, except share data)		
Common Stock				
Beginning balance	69,259,203	$ 611,424	69,196,322	$ 609,497
Issuance of common stock	5,000,000	150,000	-	-
Ending balance	74,259,203	761,424	69,196,322	609,497
Unearned Compensation				
Beginning balance		(1,580)		-
Compensation expense recognized		175		-
Ending balance		(1,405)		-
Capital Stock Premium and Expense				
Beginning balance		(7,228)		(7,592)
Issuance of common stock		(5,600)		-
FELINE PRIDES[sm] purchase contract adjustment, allocated fees and expenses		(19,657)		-
Other		41		84
Ending balance		(32,444)		(7,508)
Retained Earnings				
Beginning balance		389,867		349,010
Net income		41,605		50,886
Loss on reissuance of treasury stock		(73)		-
Dividends:				
Common stock		(28,743)		(28,711)
Preferred stock - at required rates		(412)		(412)
Options		(69)		-
Ending balance		402,175		370,773
Treasury Stock				
Beginning balance	(448)	(15)	(7,273)	(173)
Treasury shares acquired	(7,000)	(213)	(30,000)	(797)
Treasury shares reissued	7,358	225	24,572	419
Ending balance	(90)	(3)	(12,701)	(551)
Accumulated Other Comprehensive Loss				
Beginning balance		(33,347)		(22,328)
Derivative hedging activity		4,525		(3,481)
Ending balance		(28,822)		(25,809)
Total Common Stock Equity		$ 1,100,925		$ 946,402

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

GREAT PLAINS ENERGY
Consolidated Statements of Common Stock Equity
(Unaudited)

Year to Date June 30	2004		2003	
	Shares	**Amount**	**Shares**	**Amount**
		(thousands, except share data)		
Common Stock				
Beginning balance	69,259,203	$ 611,424	69,196,322	$ 609,497
Issuance of common stock	5,000,000	150,000	-	-
Ending balance	74,259,203	761,424	69,196,322	609,497
Unearned Compensation				
Beginning balance		(1,633)		-
Compensation expense recognized		228		-
Ending balance		(1,405)		-
Capital Stock Premium and Expense				
Beginning balance		(7,240)		(7,744)
Issuance of common stock		(5,600)		-
FELINE PRIDES purchase contract adjustment, allocated fees and expenses		(19,657)		-
Other		53		236
Ending balance		(32,444)		(7,508)
Retained Earnings				
Beginning balance		391,750		363,579
Net income		68,929		65,441
Loss on reissuance of treasury stock		(127)		-
Dividends:				
Common stock		(57,485)		(57,424)
Preferred stock - at required rates		(823)		(823)
Options		(69)		-
Ending balance		402,175		370,773
Treasury Stock				
Beginning balance	(3,265)	(121)	(152)	(4)
Treasury shares acquired	(10,183)	(314)	(40,000)	(1,034)
Treasury shares reissued	13,358	432	27,451	487
Ending balance	(90)	(3)	(12,701)	(551)
Accumulated Other Comprehensive Loss				
Beginning balance		(36,886)		(25,858)
Derivative hedging activity		8,064		89
Minimum pension obligation		-		(40)
Ending balance		(28,822)		(25,809)
Total Common Stock Equity		$ 1,100,925		$ 946,402

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

GREAT PLAINS ENERGY
Consolidated Statements of Comprehensive Income
(Unaudited)

	Three Months Ended June 30		Year to Date June 30	
	2004	**2003**	**2004**	**2003**
			(thousands)	
Net income	$41,605	$50,886	$68,929	$65,441

Other comprehensive income				
Gain (loss) on derivative hedging instruments	8,702	(4,020)	16,789	7,778
Income tax expense	(3,828)	1,765	(7,366)	(3,360)
Net gain (loss) on derivative hedging instruments	4,874	(2,255)	9,423	4,418
Change in minimum pension obligation	-	-	-	(66)
Income tax expense	-	-	-	26
Net change in minimum pension obligation	-	-	-	(40)
Reclassification to revenues and expenses, net of tax	(349)	(1,226)	(1,359)	(4,329)
Comprehensive income	$46,130	$47,405	$76,993	$65,490

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

KANSAS CITY POWER & LIGHT COMPANY
Consolidated Balance Sheets
(Unaudited)

	June 30 2004	December 31 2003
ASSETS	(thousands)	
Current Assets		
Cash and cash equivalents	$ 179,489	$ 26,520
Receivables	75,927	95,635
Fuel inventories, at average cost	23,407	22,543
Materials and supplies, at average cost	51,571	56,599
Deferred income taxes	2,715	686
Other	14,683	8,611
Total	347,792	210,594
Nonutility Property and Investments		
Nuclear decommissioning trust fund	77,090	74,965
Other	33,631	34,255
Total	110,721	109,220
Utility Plant, at Original Cost		
Electric	4,789,944	4,700,983
Less-accumulated depreciation	2,137,803	2,082,419
Net utility plant in service	2,652,141	2,618,564
Construction work in progress	50,538	53,046
Nuclear fuel, net of amortization of $120,547 and $113,472	25,030	29,120
Total	2,727,709	2,700,730
Deferred Charges		
Regulatory assets	148,753	145,627
Prepaid pension costs	97,448	106,888
Other deferred charges	24,097	29,517
Total	270,298	282,032
Total	$ 3,456,520	$ 3,302,576

The disclosures regarding KCP&L included in the accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

KANSAS CITY POWER & LIGHT COMPANY
Consolidated Balance Sheets
(Unaudited)

	June 30 2004	December 31 2003
	(thousands)	
LIABILITIES AND CAPITALIZATION		
Current Liabilities		
Notes payable to Great Plains Energy	$ 22,770	$ 21,983
Current maturities of long-term debt	209,140	54,500
EIRR bonds classified as current	129,288	129,288
Accounts payable	75,698	82,353
Accrued taxes	52,045	41,114
Accrued interest	11,947	11,763
Accrued payroll and vacations	18,082	20,486
Accrued refueling outage costs	6,962	1,760
Other	8,571	8,619
Total	534,503	371,866
Deferred Credits and Other Liabilities		
Deferred income taxes	644,840	641,673
Deferred investment tax credits	35,579	37,571
Asset retirement obligations	110,128	106,694
Pension liability	84,347	84,434
Other	49,115	52,196
Total	924,009	922,568
Capitalization		
Common stock equity		
Common stock-1,000 shares authorized without par value 1 share issued, stated value	812,041	662,041
Retained earnings	224,530	228,761
Accumulated other comprehensive loss	(34,995)	(35,244)
Total	1,001,576	855,558
Long-term debt (Note 6)	996,432	1,152,584
Total	1,998,008	2,008,142
Commitments and Contingencies (Note 12)		
Total	$ 3,456,520	$ 3,302,576

The disclosures regarding KCP&L included in the accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

KANSAS CITY POWER & LIGHT COMPANY
Consolidated Statements of Income
(Unaudited)

	Three Months Ended June 30		Year to Date June 30	
	2004	2003	2004	2003
	(thousands)			
Operating Revenues				
Electric revenues	$274,625	$247,315	$521,160	$481,707
Other revenues	413	519	854	1,090

Total	275,038	247,834	522,014	482,797
Operating Expenses				
Fuel	42,256	37,110	82,856	74,504
Purchased power	17,353	15,868	29,820	31,941
Other	63,000	59,082	126,953	116,179
Maintenance	23,547	23,792	44,013	46,744
Depreciation and depletion	36,382	34,973	72,326	69,869
General taxes	24,303	22,977	48,218	46,721
(Gain) Loss on property	(123)	127	(158)	100
Total	206,718	193,929	404,028	386,058
Operating income	68,320	53,905	117,986	96,739
Non-operating income	1,274	1,028	2,464	1,947
Non-operating expenses	(2,082)	(1,923)	(3,628)	(4,144)
Interest charges	(17,164)	(17,618)	(34,388)	(35,440)
Income from continuing operations before income taxes and minority interest in subsidiaries	50,348	35,392	82,434	59,102
Income taxes	19,294	13,454	31,443	24,044
Minority interest in subsidiaries	1,278	-	2,521	-
Income from continuing operations	32,332	21,938	53,512	35,058
Loss from discontinued operations, net of income taxes (Note 8)	-	(7,454)	-	(8,690)
Net income	$ 32,332	$ 14,484	$ 53,512	$ 26,368

The disclosures regarding KCP&L included in the accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

KANSAS CITY POWER & LIGHT COMPANY
Consolidated Statements of Cash Flows
(Unaudited)

Year to date June 30	**2004**	**2003**
	(thousands)	
Cash Flows from Operating Activities		
Net income	$ 53,512	$ 26,368
Less: Loss from discontinued operations, net of income taxes	-	(8,690)
Income from continuing operations	53,512	35,058
Adjustments to reconcile income to net cash from operating activities:		
Depreciation and depletion	72,326	69,869
Amortization of:		
Nuclear fuel	7,075	7,026
Other	3,842	4,635
Deferred income taxes (net)	979	(2,488)
Investment tax credit amortization	(1,992)	(1,997)
(Gain) loss on property	(158)	100
Minority interest	(2,521)	-
Other operating activities (Note 4)	6,613	77
Net cash from operating activities	139,676	112,280
Cash Flows from Investing Activities		
Utility capital expenditures	(103,900)	(79,631)
Allowance for borrowed funds used during construction	(801)	(781)
Purchases of investments	(1,776)	(1,743)
Purchases of nonutility property	(106)	(2)
Proceeds from sale of assets	372	183
Hawthorn No. 5 partial insurance recovery	30,810	3,940
Hawthorn No. 5 partial litigation settlements	813	-
Other investing activities	(5,163)	1,044

Net cash from investing activities	(79,751)	(76,990)
Cash Flows from Financing Activities		
Repayment of long-term debt	-	(124,000)
Net change in short-term borrowings	787	22,650
Dividends paid to Great Plains Energy	(57,743)	(33,000)
Equity contribution from Great Plains Energy	150,000	100,000
Other financing activities	-	(2)
Net cash from financing activities	93,044	(34,352)
Net Change in Cash and Cash Equivalents	152,969	938
Cash and Cash Equivalents from Continuing Operations at Beginning of Year	26,520	171
Cash and Cash Equivalents from Continuing Operations at End of Period	$ 179,489	$ 1,109
Net Change in Cash and Cash Equivalents from Discontinued Operations	$ -	$ (307)
Cash and Cash Equivalents from Discontinued Operations at Beginning of Year	-	307
Cash and Cash Equivalents from Discontinued Operations at End of Period	$ -	$ -

The disclosures regarding KCP&L included in the accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

KANSAS CITY POWER & LIGHT COMPANY
Consolidated Statements of Common Stock Equity
(Unaudited)

Three Months Ended June 30	**2004**		**2003**	
	Shares	**Amount**	**Shares**	**Amount**
	(thousands, except share data)			
Common Stock				
Beginning balance	1	$ 662,041	1	$ 662,041
Equity contribution from Great Plains Energy	-	150,000	-	-
Ending balance	1	812,041	1	662,041
Retained Earnings				
Beginning balance		220,941		208,490
Net income		32,332		14,484
Dividends:				
Common stock held by Great Plains Energy		(28,743)		(20,000)
Ending balance		224,530		202,974
Accumulated Other Comprehensive Loss				
Beginning balance		(34,997)		(25,844)
Derivative hedging activity		2		(50)
Ending balance		(34,995)		(25,894)
Total Common Stock Equity		$ 1,001,576		$ 839,121

Year to Date June 30	**2004**		**2003**	
	Shares	**Amount**	**Shares**	**Amount**
	(thousands, except share data)			
Common Stock				

Beginning balance	1	$ 662,041	1	$ 562,041
Equity contribution from Great Plains Energy	-	150,000	-	100,000
Ending balance	1	812,041	1	662,041
Retained Earnings				
Beginning balance		228,761		209,606
Net income		53,512		26,368
Dividends:				
Common stock held by Great Plains Energy		(57,743)		(33,000)
Ending balance		224,530		202,974
Accumulated Other Comprehensive Loss				
Beginning balance		(35,244)		(26,614)
Derivative hedging activity		249		760
Minimum pension obligation		-		(40)
Ending balance		(34,995)		(25,894)
Total Common Stock Equity		$ 1,001,576		$ 839,121

The disclosures regarding KCP&L included in the accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

KANSAS CITY POWER & LIGHT COMPANY
Consolidated Statements of Comprehensive Income
(Unaudited)

	Three Months Ended June 30		Year to Date June 30	
	2004	**2003**	**2004**	**2003**
	(thousands)			
Net income	$ 32,332	$ 14,484	$ 53,512	$ 26,368
Other comprehensive income				
Gain (loss) on derivative hedging instruments	3	(81)	407	1,247
Income tax expense	(1)	31	(158)	(487)
Net gain (loss) on derivative hedging instruments	2	(50)	249	760
Change in minimum pension obligation	-	-	-	(66)
Income tax expense	-	-	-	26
Net change in minimum pension obligation	-	-	-	(40)
Reclassification to revenues and expenses, net of tax	-	-	-	-
Comprehensive income	$ 32,334	$ 14,434	$ 53,761	$ 27,088

The disclosures regarding KCP&L included in the accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

The notes to consolidated financial statements that follow are a combined presentation for Great Plains Energy Incorporated and Kansas City Power & Light Company, both registrants under this filing. The terms “Great Plains Energy,” “Company,” “KCP&L” and “consolidated KCP&L” are used throughout this report. “Great Plains Energy” and the “Company” refer to Great Plains Energy Incorporated and its consolidated subsidiaries, unless otherwise indicated. “KCP&L” refers to Kansas City Power & Light Company, and “consolidated KCP&L” refers to KCP&L and its consolidated subsidiaries.

In management’s opinion, the consolidated interim financial statements reflect all adjustments (which, unless otherwise noted, include only normal recurring adjustments) necessary to present fairly the results of operations for the interim periods presented. These statements and notes should be read in connection with the applicable financial statements and related notes included in the combined 2003 Annual Report on Form 10-K, as amended by Amendment No. 1 on Form 10-K/A and recast to reflect certain discontinued operations by the Current Report on Form 8-K dated May 12, 2004 (2003 Form 10-K), of Great Plains Energy and consolidated KCP&L.

1. ORGANIZATION

Great Plains Energy, a Missouri corporation incorporated in 2001, is a public utility holding company registered with and subject to the regulation of the Securities and Exchange Commission (SEC) under the Public Utility Holding Company Act of 1935, as amended (35 Act). Great Plains Energy does not own or operate any significant assets other than the stock of its subsidiaries.

Great Plains Energy has five direct subsidiaries:

- KCP&L is an integrated, regulated electric utility, which provides reliable, affordable electricity to customers in the states of Missouri and Kansas. KCP&L is one of Great Plains Energy’s two reportable segments. KCP&L’s wholly-owned subsidiary, Home Service Solutions Inc. (HSS) has invested in Worry Free Service, Inc. (Worry Free). Worry Free is no longer actively pursuing new customers and management does not anticipate significant additional capital investments in Worry Free. Prior to the June 2003 disposition of R.S. Andrews Enterprises, Inc. (RSAE), HSS held an investment in RSAE. See Note 8 for additional information concerning the June 2003 disposition of RSAE. KCP&L and its subsidiaries are referred to as consolidated KCP&L.

- KLT Inc. is an intermediate holding company that primarily holds interests in Strategic Energy, L.L.C. (Strategic Energy), KLT Gas Inc. (KLT Gas) and affordable housing limited partnerships. Strategic Energy is the other reportable segment of Great Plains Energy. In February 2004, the Company announced its decision to sell the KLT Gas natural gas properties (KLT Gas portfolio) and exit the gas business. See Note 7 for additional information.

- Great Plains Power Incorporated (GPP) focuses on the development of wholesale generation. Management decided during 2002 to limit the operations of GPP to the siting and permitting process that began in 2001 for potential new generation until market conditions improve or the Company makes further changes in its business strategy. The siting and permitting process is currently focused on two potential new generation sites. GPP has made no significant investments to date.

- Innovative Energy Consultants Inc. (IEC) holds an indirect interest in Strategic Energy. IEC does not own or operate any assets other than its indirect interest in Strategic Energy.

- Great Plains Energy Services Incorporated (Services) was formed in 2003 as a service company under the 35 Act to provide support and administrative services to Great Plains Energy and certain of its subsidiaries.

The operations of Great Plains Energy and its subsidiaries are divided into two reportable segments: KCP&L and Strategic Energy. Great Plains Energy’s legal structure differs from the functional management and financial reporting of its reportable segments. Other activities not considered a reportable segment include the operations of HSS, GPP, Services, all KLT Inc. operations other than Strategic Energy, and holding company operations.

2. CASH

Cash and Cash Equivalents
Cash equivalents consist of highly liquid investments with original maturities of three months or less. For Great Plains Energy this includes Strategic Energy’s cash held in trust of $19.4 million and $16.1 million at June 30, 2004, and December 31, 2003, respectively.

Strategic Energy has entered into collateral arrangements with selected electricity power suppliers that require selected customers to remit payment to lockboxes that are held in trust and managed by a Trustee. As part of the trust administration, the Trustee remits payment to the supplier for electricity purchased by Strategic Energy. On a monthly basis, any remittances into the lockboxes in excess of disbursements to the supplier are remitted back to Strategic Energy.

Restricted Cash
Strategic Energy has entered into Master Power Purchase and Sale Agreements with its power suppliers. Certain of these agreements contain provisions whereby, to the extent Strategic Energy has a net exposure to the purchased power supplier, collateral requirements are to be maintained. Collateral posted in the form of cash to Strategic Energy is restricted by agreement, but would become unrestricted in the event of a default by the purchased power supplier. Restricted cash collateral at June 30, 2004, and December 31, 2003, was $19.5 million and $20.9 million, respectively.

3. BASIC AND DILUTED EARNINGS PER COMMON SHARE CALCULATION

There was no significant dilutive effect on Great Plains Energy’s earnings per common share (EPS) from other securities for the three months ended and year to date June 30, 2004 and 2003. To determine basic EPS, preferred stock dividend requirements are deducted from income from continuing operations and net income before dividing by average number of common shares outstanding. The loss per share impact of discontinued operations, net of income taxes, is determined by dividing the loss from discontinued operations, net of income taxes, by the average number of common shares outstanding. Diluted EPS assumes the issuance of common shares applicable to stock options, performance shares, restricted stock and FELINE PRIDES calculated using the treasury stock method.

The following tables reconcile Great Plains Energy's basic and diluted EPS from continuing operations:

	Income	Shares	EPS
Three Months Ended June 30, 2004	(thousands except per share amounts)		
Income from continuing operations	$ 41,446		
Less: Preferred stock dividend requirement	412		
Basic EPS			
Income available to common stockholders	41,034	70,193	$ 0.59
Add: effect of dilutive securities		82	
Diluted EPS	$ 41,034	70,275	$ 0.59

	Income	Shares	EPS
Three Months Ended June 30, 2003	(thousands except per share amounts)		
Income from continuing operations	$ 58,977		
Less: Preferred stock dividend requirement	412		
Basic EPS			
Income available to common stockholders	58,565	69,186	$ 0.85
Add: effect of dilutive securities		21	
Diluted EPS	$ 58,565	69,207	$ 0.85

	Income	Shares	EPS
Year to Date June 30, 2004	(thousands except per share amounts)		
Income from continuing operations	$ 70,948		
Less: Preferred stock dividend requirement	823		
Basic EPS			
Income available to common stockholders	70,125	69,725	$ 1.01
Add: effect of dilutive securities		94	
Diluted EPS	$ 70,125	69,819	$ 1.01

	Income	Shares	EPS
Year to Date June 30, 2003	(thousands except per share amounts)		
Income from continuing operations	$ 81,061		
Less: Preferred stock dividend requirement	823		
Basic EPS			
Income available to common stockholders	80,238	69,188	$ 1.16
Add: effect of dilutive securities		1	
Diluted EPS	$ 80,238	69,189	$ 1.16

For the three months ended June 30, 2004 and 2003, and year to date June 30, 2004, there were no anti-dilutive shares applicable to stock options, performance shares and restricted stock. For the three months ended and year to date June 30, 2004, the FELINE PRIDES were anti-dilutive. Options to purchase 305,000 shares of common stock for year to date June 30, 2003, were excluded from the computation of diluted EPS because they were anti-dilutive due to the option exercise prices being greater than the average market price of the common shares during the period.

During the second quarter of 2004, the Company adopted Emerging Issues Task Force Issue (EITF) No. 03-6, Participating Securities and the Two-Class Method under SFAS No. 128, "Earnings Per Share". For the three months ended and year to date June 30, 2004 and 2003, Great Plains Energy did not have any participating securities; therefore, EITF No. 03-6 did not have an effect on EPS.

4. SUPPLEMENTAL CASH FLOW INFORMATION

Great Plains Energy Other Operating Activities

Year to Date June 30	2004	2003
Cash flows affected by changes in:	(thousands)	

Receivables	$ (37,611)	$ (13,489)
Fuel inventories	(864)	(4,041)
Materials and supplies	5,028	(4,830)
Accounts payable	14,749	25,902
Accrued taxes	23,051	8,367
Accrued interest	(67)	(4,115)
Wolf Creek refueling outage accrual	5,202	5,306
Deposits with suppliers	(19,033)	(5,535)
Pension and postretirement benefit assets and obligations	10,721	5,485
Allowance for equity funds used during construction	(924)	(793)
Other	(16,041)	(4,584)
Total other operating activities	$ (15,789)	$ 7,673
Cash paid during the period:		
Interest	$ 35,475	$ 41,831
Income taxes	$ 23,329	$ 28,390

Consolidated KCP&L Other Operating Activities

Year to Date June 30	**2004**	**2003**
Cash flows affected by changes in:	(thousands)	
Receivables	$ (11,102)	$ (13,641)
Fuel inventories	(864)	(4,041)
Materials and supplies	5,028	(4,830)
Accounts payable	(6,655)	11,656
Accrued taxes	10,931	16,117
Accrued interest	184	(3,554)
Wolf Creek refueling outage accrual	5,202	5,306
Pension and postretirement benefit assets and obligations	8,032	4,808
Allowance for equity funds used during construction	(924)	(793)
Other	(3,219)	(10,951)
Total other operating activities	$ 6,613	$ 77
Cash paid during the period:		
Interest	$ 32,552	$ 37,817
Income taxes	$ 34,972	$ 24,201

KCP&L adopted Statement of Financial Accounting Standards (SFAS) No. 143, “Accounting for Asset Retirement Obligations”, on January 1, 2003, and recorded a liability for asset retirement obligations (ARO) of $99.2 million and increased property and equipment, net of accumulated depreciation, by $18.3 million. KCP&L is a regulated utility subject to the provisions of SFAS No. 71, “Accounting for the Effects of Certain Types of Regulation”, and management believes it is probable that any differences between expenses under SFAS No. 143 and expenses recovered currently in rates will be recoverable in future rates. As a result, the $16.3 million net cumulative effect ($80.9 million gross cumulative effect net of $64.6 million decommissioning liability previously accrued) of the adoption of SFAS No. 143 was recorded as a regulatory asset and therefore, had no impact on net income. The adoption of SFAS No. 143 had no effect on Great Plains Energy and consolidated KCP&L’s cash flows.

5. RECEIVABLES

The Company’s receivables are comprised of the following:

	June 30 2004	**December 31 2003**
Customer accounts receivable sold to	(thousands)	
Receivables Company	$ 37,553	$ 17,902
Consolidated KCP&L other receivables	38,374	77,733
Consolidated KCP&L receivables	75,927	95,635
Great Plains Energy other receivables	171,904	144,709
Great Plains Energy receivables	$ 247,831	$ 240,344

KCP&L has entered into a revolving agreement, which expires in October 2004, to sell all of its right, title and interest in the majority of its customer accounts receivable to Kansas City Power & Light Receivables Company (Receivables Company), which in turn sells most of the receivables to outside investors. KCP&L expects the agreement to be renewed annually. Accounts receivable sold under this revolving agreement totaled $102.6 million and $87.9 million at June 30, 2004, and December 31, 2003, respectively. These sales included unbilled receivables of $41.2 million and $28.4 million at June 30, 2004, and December 31,

2003, respectively. As a result of the sale to outside investors, Receivables Company receives up to $70 million in cash, which is forwarded to KCP&L as consideration for its sale. At June 30, 2004, and December 31, 2003, Receivables Company had received $65.0 million and $70.0 million in cash, respectively. The agreement is structured as a true sale under which the creditors of Receivables Company are entitled to be satisfied out of the assets of Receivables Company prior to any value being returned to KCP&L or its creditors.

KCP&L sells its receivables at a fixed price based upon the expected cost of funds and charge-offs. These costs comprise KCP&L's loss on the sale of accounts receivable. KCP&L services the receivables and receives an annual servicing fee of 0.25% of the outstanding principal amount of the receivables sold and retains any late fees charged to customers.

Information regarding KCP&L's sale of accounts receivable is reflected in the following table.

	Three Months Ended June 30		Year to Date June 30	
	2004	2003	2004	2003
	(thousands)			
Gross proceeds on sale of accounts receivable	$ 235,002	$ 224,717	$ 435,440	$ 421,246
Collections	209,601	205,164	418,798	412,158
Loss on sale of accounts receivable	864	1,010	1,276	1,851
Late fees	457	437	1,012	953

Consolidated KCP&L's other receivables at June 30, 2004, and December 31, 2003, consist primarily of receivables from partners in jointly-owned electric utility plants, wholesale sales receivables and accounts receivable held by Worry Free. The December 31, 2003, amounts also included insurance recoveries. Great Plains Energy's other receivables at June 30, 2004, and December 31, 2003, are primarily the accounts receivable held by Strategic Energy including unbilled receivables of $88.6 million and $81.2 million at June 30, 2004, and December 31, 2003, respectively.

6. CAPITALIZATION

Great Plains Energy and consolidated KCP&L's long-term debt is as follows:

	Year Due	June 30 2004	December 31 2003
Consolidated KCP&L		(thousands)	
General Mortgage Bonds			
7.55%*** Medium-Term Notes	2004-2007	$ 55,000	$ 55,000
2.35%* and 2.36%** EIRR Bonds	2012-2023	158,768	158,768
Senior Notes			
7.125%	2005	250,000	250,000
6.500%	2011	150,000	150,000
6.000%	2007	225,000	225,000
Unamortized discount		(576)	(689)
EIRR bonds			
2.29%* and 2.16%** Series A & B	2015	106,693	108,919
2.25%*** Series C	2017	50,000	50,000
2.29%* and 2.16%** Series D	2017	40,061	40,923
8.3% Junior Subordinated Deferred Interest Bonds	2037	154,640	154,640
1.31%* and 1.25%** Combustion Turbine Synthetic Lease	2006	145,274	143,811
Current liabilities			
EIRR bonds classified as current		(129,288)	(129,288)
Current maturities		(209,140)	(54,500)
Total consolidated KCP&L excluding current liabilities		996,432	1,152,584
Other Great Plains Energy			
4.25% FELINE PRIDES Senior Notes	2009	163,600	-
7.63%* and 7.84%** Affordable Housing Notes	2005-2008	6,442	10,564
Current maturities		(3,177)	(4,803)
Total consolidated Great Plains Energy excluding current maturities		$ 1,163,297	$ 1,158,345

* Weighted-average rate as of June 30, 2004
** Weighted-average rate as of December 31, 2003
*** Weighted-average rate as of June 30, 2004 and December 31, 2003

During the first quarter of 2004, Great Plains Energy syndicated a $150.0 million 364-day revolving credit facility and a $150.0 million three-year revolving credit facility with a group of banks. These facilities replaced a $225.0 million revolving credit facility with a group of banks. A default by Great Plains Energy or any of its significant subsidiaries of other indebtedness totaling more than $25.0 million is a default under these bank lines. Under the terms of these agreements, Great Plains Energy is required to maintain a consolidated indebtedness to consolidated capitalization ratio not greater than 0.65 to 1.0 at all times and an interest coverage ratio greater than 2.25 to 1.0, as those ratios are defined in the agreement. At June 30, 2004, the Company was in compliance with these covenants. At

June 30, 2004, Great Plains Energy had $17.0 million of outstanding borrowings under the 364-day revolving credit facility with a weighted-average interest rate of 4.0%. Additionally, Great Plains Energy had issued letters of credit totaling $25.0 million under the 364-day revolving credit facility and $5.5 million under the three-year revolving credit facility as credit support for Strategic Energy at June 30, 2004. At December 31, 2003, Great Plains Energy had $87.0 million of outstanding borrowings under the $225.0 million revolving credit facility with a weighted-average interest rate of 2.12% and had issued a letter of credit for $15.8 million as credit support for Strategic Energy.

Through June 30, 2004, Strategic Energy maintained a secured revolving credit facility for up to $95 million with a group of banks. This facility was partially guaranteed by Great Plains Energy. The maximum amount available for loans and letters of credit under the facility was the lesser of $95 million or the borrowing base, as defined in the agreement. The borrowing base generally was the sum of certain Strategic Energy accounts receivable and the amount of the Great Plains Energy guarantee which was $40.0 million at June 30, 2004. At June 30, 2004, $45.5 million in letters of credit had been issued and there were no borrowings under the agreement. A default by Strategic Energy of other indebtedness, as defined in the facility, totaling more than $5.0 million was a default under the facility. Under the terms of this agreement, Strategic Energy was required to maintain a minimum net worth of $30 million, a maximum debt to EBITDA ratio of 2.0 to 1.0 and a minimum fixed charge ratio of at least 1.05 to 1.0 as those were defined in the agreement. At June 30, 2004, Strategic Energy was in compliance with these covenants. This facility was replaced with a new $125.0 million three-year revolving credit facility with a group of banks on July 2, 2004.

Great Plains Energy has guaranteed $25.0 million of the new $125.0 million facility. A default by Strategic Energy of other indebtedness, as defined in the facility, totaling more than $7.5 million is a default under the facility. Under the terms of this agreement, Strategic Energy is required to maintain a minimum net worth of $62.5 million, a maximum funded indebtedness to EBITDA ratio of 2.25 to 1.00, a minimum fixed charge coverage ratio of at least 1.05 to 1.00 and a minimum debt service coverage ratio of at least 4.00 to 1.00, as those are defined in the agreement. In the event of a breach of one or more of these four covenants, so long as no other default has occurred, Great Plains Energy may cure the breach through a cash infusion, a guarantee increase or a combination of the two.

Great Plains Energy filed a registration statement, which became effective in April 2004, for the issuance of an aggregate amount up to $500.0 million of any combination of senior debt securities, subordinated debt securities, trust preferred securities and related guarantees, common stock, warrants, stock purchase contracts or stock purchase units. The prospectus filed with this registration statement also included $148.2 million of securities remaining available to be offered under a prior registration statement providing for an aggregate amount of availability of $648.2 million. In June 2004, Great Plains Energy issued 5.0 million shares of common stock at $30 per share under this registration statement with $150.0 million in gross proceeds. Issuance costs of $5.6 million are reflected in capital stock premium and expense on Great Plains Energy’s consolidated balance sheet and statement of common stock equity.

In June 2004, Great Plains Energy also issued $163.6 million of FELINE PRIDES under this registration statement. After these transactions, $171.0 million remains available under the registration statement. FELINE PRIDES, each with a stated amount of $25, initially consist of an interest in a senior note due February 16, 2009, and a contract requiring the holder to purchase the Company’s common stock on February 16, 2007. Each purchase contract will obligate the holder of the purchase contract to purchase, and Great Plains Energy to sell, on February 16, 2007, for $25 in cash, newly issued shares of the Company’s common stock equal to the settlement rate. The settlement rate will vary according to the applicable market value of the Company’s common stock at the settlement date. Applicable market value will be measured by the average of the closing price per share of the Company’s common stock on each of the 20 consecutive trading days ending on the third trading day immediately preceding February 16, 2007. The settlement rate will be applied to the 6.5 million FELINE PRIDES at the settlement date to issue a number of common shares determined as follows:

Applicable market value	**Settlement rate (in common shares)**	**Market value per common share [(a)]**
$35.40 or greater	0.7062 to 1	Greater than $25 per common share
$35.40 to $30.00	$25 divided by the applicable market value to 1	Equal to $25 per common share
$30.00 or less	0.8333 to 1	Less than $25 per common share

[(a)] Assumes that the market price of the Company's common stock on February 16, 2007, is the same as the applicable market value.

Great Plains Energy will make quarterly contract adjustment payments at the rate of 3.75% per year and interest payments at the rate of 4.25% per year both payable in February, May, August and November of each year, commencing August 16, 2004. Great Plains Energy must attempt to remarket the senior notes, in whole but not in part. If the senior notes are not successfully remarketed by February 16, 2007, Great Plains Energy will exercise its rights as a secured party to dispose of the senior notes in accordance with applicable law and satisfy in full each holder’s obligation to purchase the Company’s common stock under the purchase contracts.

The fair value of the contract adjustment payment of $15.4 million is recorded as a liability in other deferred credits and other liabilities with a corresponding amount recorded as capital stock premium and expense on Great Plains Energy’s consolidated balance sheet. Subsequent contract adjustment payments will be allocated between the liability and interest expense based on a constant rate over the life of the purchase contract. Expenses incurred with the offering were allocated between the senior notes and the purchase contracts. Expenses allocated to the senior notes of $1.2 million have been capitalized and will be recognized as interest expense over the term of the notes. Expenses allocated to the purchase contracts of $4.2 million were recorded as capital stock premium and expense. Great Plains Energy has the right to defer the contract adjustment payment on the purchase contracts, but not the interest payments on the senior notes. In the event Great Plains Energy exercises its option to defer the payment of contract adjustment payments, Great Plains Energy and its subsidiaries are not permitted to, with certain exceptions, declare or pay dividends on, make distributions with respect to, or redeem, purchase or acquire, or make a liquidation payment with respect to, any capital stock of Great Plans Energy until the deferred contract adjustment payments have been paid.

In 1997, KCPL Financing I issued $150.0 million of 8.3% preferred securities and KCP&L invested $4.6 million in common securities of KCPL Financing I. The sole asset of KCPL Financing I is the $154.6 million principal amount of 8.3% Junior Subordinated Deferrable Interest Debentures, due 2037, issued by KCP&L.

In July 2004, KCP&L redeemed the $154.6 million 8.3% Junior Subordinated Deferred Interest Debentures which were classified as current maturities on Great Plains Energy's and

consolidated KCP&L's balance sheets at June 30, 2004. KCPL Financing I used the proceeds from the repayment of the 8.3% Junior Subordinated Deferrable Interest Debentures to redeem the $150.0 million of 8.3% preferred securities and the $4.6 million of common securities held by KCP&L.

7. KLT GAS DISCONTINUED OPERATIONS

At its February 2004 meeting, the Board of Directors approved management's recommendation to sell the KLT Gas portfolio and exit the gas business. Consequently, in the first quarter of 2004, the KLT Gas portfolio was reported as discontinued operations and KLT Gas' historical activities were reclassified in accordance with SFAS No. 144 "Accounting for the Impairment or Disposal of Long-lived Assets." In the first quarter of 2004, the Company wrote down the KLT Gas portfolio to its estimated net realizable value, which reduced 2004 year to date earnings by $1.2 million, or $0.02 per share. The 2004 year to date loss from discontinued operations also reflects a loss of $0.8 million, or $0.01 per share, from the wind down operations. Year to date 2003 reflects a loss from discontinued operations of $6.9 million, or $0.10 per share, and includes a loss of $5.5 million, or $0.08 per share, related to an impairment on a Rocky Mountain project. To the extent actual proceeds from the sale of the KLT Gas portfolio differ from the estimated net realizable value used to determine the write down, any difference will be reflected by Great Plains Energy on its consolidated statement of income at the conclusion of the sale process.

In early August 2004, KLT Gas completed the sale of certain of the KLT Gas portfolio assets located in Wyoming, Colorado, Kansas and Nebraska for approximately $14 million. The after tax gain on disposition of these assets after consideration of transaction costs and asset retirement obligations assumed by the buyer is approximately $5 million or $0.07 per share. Management continues the bid evaluation and the marketing and sales process on the remainder of the KLT Gas portfolio assets, and expects to complete sales transactions on the remainder of the KLT Gas portfolio assets by the end of 2004.

The following table summarizes the discontinued operations through June 30, 2004.

	Year to Date June 30	
	2004	**2003**
	(millions)	
Revenues	$ 1.6	$ 0.7
Loss on discontinued operations before income taxes	(3.7)	(11.5)
Income tax benefit	1.7	4.6
Loss on discontinued operations, net of income taxes	$ (2.0)	$ (6.9)

Assets and liabilities of the discontinued operations are summarized in the following table.

	June 30 2004	**December 31 2003**
	(millions)	
Current assets	$ 1.2	$ 1.0
Gas property and investments	8.3	9.8
Other nonutility property and investments	0.3	0.3
Accrued taxes	8.5	6.7
Deferred income taxes	9.8	10.0
Total assets of discontinued operations	$ 28.1	$ 27.8
Current liabilities	$ 1.5	$ 2.8
Asset retirement obligations	1.8	1.8
Total liabilities of discontinued operations	$ 3.3	$ 4.6

8. DISPOSITION OF OWNERSHIP INTEREST IN R.S. ANDREWS ENTERPRISES, INC.

On June 13, 2003, HSS' board of directors approved a plan to dispose of its interest in residential services provider RSAE. On June 30, 2003, HSS completed the disposition of its interest in RSAE. The financial statements reflect RSAE as discontinued operations for all periods presented as prescribed under SFAS No. 144. The following table summarizes the discontinued operations.

June 30, 2003	**Three Months Ended**	**Year to Date**
	(millions)	

Revenues	$ 19.8	$ 31.8
Loss from operations before income taxes	$ (0.4)	$ (1.6)
Loss on disposal before income taxes	(18.9)	(18.9)
Total loss on discontinued operations before income taxes	(19.3)	(20.5)
Income tax benefit [a]	11.8	11.8
Loss on discontinued operations, net of income taxes	$ (7.5)	$ (8.7)

[a] RSAE had continual losses and therefore did not recognize tax benefits. The tax benefit reflected is the tax effect of Great Plains Energy's disposition of its interest in RSAE.

9. ACQUISITION OF ADDITIONAL INDIRECT INTEREST IN STRATEGIC ENERGY

Effective May 6, 2004, Great Plains Energy, through IEC, completed its purchase of an additional 11.45% indirect interest in Strategic Energy bringing Great Plains Energy's indirect ownership interest in Strategic Energy to just under 100%. The Company paid cash of $90.0 million, including $1.2 million of transaction costs. In accordance with the purchase terms, the Company also recorded a $0.9 million liability for 2004 fractional dividends to the previous owner for its share of 2004 budgeted Strategic Energy dividends. The transaction costs and the liability for fractional dividends are preliminary and subject to adjustment throughout the remainder of the year. See Notes 11 and 13 for additional discussion of the acquisition.

The preliminary purchase price allocation for the net assets acquired is as follows:

Strategic Energy Acquisition	**May 6 2004**
	(millions)
Other non-utility property and investments	$ 10.7
Goodwill	60.6
Other deferred charges	46.1
Total assets	117.4
Accounts payable	0.9
Other deferred credits and liabilities	26.5
Net assets acquired	$ 90.0

A third party valuation firm was utilized in the determination of the purchase price allocation. Based on the valuation, the acquired share of identifiable intangible assets and liabilities were recorded by IEC at fair value as part of the purchase price allocation. The acquired share of the fair value of the identifiable intangibles was a net asset of $19.6 million. The fair value of acquired supply (intangible asset) and retail (intangible liability) contracts is being amortized over approximately 28 months. Other intangible assets recorded that have finite lives and are subject to amortization include customer relationships and asset information systems, which are being amortized over 72 and 44 months, respectively. An intangible asset for the Strategic Energy trade name was also recorded and deemed to have an infinite life, and as such, is not being amortized.

10. PENSION PLANS AND OTHER EMPLOYEE BENEFITS

The Company maintains defined benefit pension plans for substantially all employees of KCP&L, Services and Wolf Creek Nuclear Operating Company (WCNOC), including officers. Benefits under these plans reflect the employees' compensation, years of service and age at retirement.

In addition to providing pension benefits, the Company provides certain postretirement health care and life insurance benefits for substantially all retired employees of KCP&L, Services and WCNOC. The cost of postretirement health care and life insurance benefits are accrued during an employee's years of service and recovered through rates.

On December 8, 2003, the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (Medicare Act) was signed into law. The Medicare Act, among other things, provides a federal subsidy beginning in 2006 to sponsors of retiree health care benefit plans. At this time, detailed regulations necessary to implement the Medicare Act have not been issued. Therefore, in accordance with Financial Accounting Standards Board (FASB) Staff Position Nos. FAS 106-1 and 106-2, "Accounting and Disclosure Requirements Related to the Medicare Prescription Drug, Improvement and Modernization Act of 2003," the Company elected to defer accounting for the effects of the Medicare Act until authoritative guidance is available. Such guidance could require revision of prior financial statements to include the effects of the Medicare Act. Until detailed regulations necessary to implement the Medicare Act are issued, the Company cannot determine the benefit, if any, associated with the new law. The Company will continue to monitor the new regulations and may amend the plan in order to benefit from the new legislation. The Company will adopt the guidance prescribed by FASB Staff Position No. FAS 106-2 in the third quarter of 2004.

The following table provides the net periodic benefit costs by component. These costs reflect total plan benefit costs prior to the effects of capitalization and sharing with joint-owners of power plants.

Three Months Ended June 30	Pension Benefits 2004	Pension Benefits 2003	Other Benefits 2004	Other Benefits 2003
Components of net periodic benefit cost		(thousands)		
Service cost	$ 4,202	$ 3,742	$ 236	$ 213
Interest cost	7,569	7,473	772	802
Expected return on plan assets	(7,953)	(6,925)	(167)	(143)
Amortization of prior service cost	1,070	1,071	59	54
Recognized net actuarial loss	1,945	322	184	149
Transition obligation	14	14	294	294
Amendment	-	-	-	28
Net settlements	688	-	-	-
Net periodic benefit cost	$ 7,535	$ 5,697	$ 1,378	$ 1,397

Year to Date June 30	Pension Benefits 2004	Pension Benefits 2003	Other Benefits 2004	Other Benefits 2003
Components of net periodic benefit cost		(thousands)		
Service cost	$ 8,273	$ 7,485	$ 477	$ 425
Interest cost	14,975	14,946	1,544	1,605
Expected return on plan assets	(15,777)	(13,851)	(335)	(286)
Amortization of prior service cost	2,141	2,143	118	108
Recognized net actuarial loss	3,850	683	368	290
Transition obligation	26	28	588	587
Amendment	-	-	-	55
Net settlements	866	-	-	-
Net periodic benefit cost	$ 14,354	$ 11,434	$ 2,760	$ 2,784

11. RELATED PARTY TRANSACTIONS AND RELATIONSHIPS

In May 2004, Great Plains Energy, through IEC, completed its purchase from SE Holdings, L.L.C. (SE Holdings) of an additional 11.45% indirect interest in Strategic Energy for $88.8 million, excluding transaction costs. The purchase increased Great Plains Energy's indirect ownership of Strategic Energy to just under 100%. See Note 9 for additional information regarding the purchase transaction. Richard Zomnir, currently Chief Executive Officer of Strategic Energy and certain other current and former employees of Strategic Energy held direct or indirect interests in SE Holdings. Mr. Zomnir has disclosed that he held an approximate 25% interest in SE Holdings. In connection with the transaction, Mr. Zomnir and other direct and indirect owners of SE Holdings entered into an agreement with IEC and Strategic Energy, providing for certain indemnification rights related to the litigation described in Note 13.

SE Holdings continues to be a member of Custom Energy Holdings and be represented on the Management Committees of Custom Energy Holdings and Strategic Energy. Custom Energy Holdings' business and affairs are controlled and managed by a three member Management Committee composed of one representative designated by KLT Energy Services Inc. (KLT Energy Services), one representative designated by IEC, and one representative designated by SE Holdings. Certain actions (including amendment of Custom Energy Holdings' operating agreement, approval of actions in contravention of the operating agreement, approval of a dissolution of Custom Energy Holdings, additional capital contributions and assumption of recourse indebtedness) require the unanimous consent of all the members of Custom Energy Holdings.

Strategic Energy's business and affairs are controlled and managed by a four member Management Committee composed of two representatives designated by KLT Energy Services, one representative designated by IEC and one representative designated by SE Holdings. Certain actions (including amendment of Strategic Energy's operating agreement, approval of actions in contravention of the operating agreement, approval of transactions between Strategic Energy and affiliates of its members, approval of a dissolution of Strategic Energy, and assumption of recourse indebtedness) require the unanimous consent of all the Management Committee members.

12. COMMITMENTS AND CONTINGENCIES

Nuclear Liability and Insurance

Liability Insurance

The Price-Anderson Act currently limits the combined public liability of nuclear reactor owners to $10.8 billion for claims that could arise from a single nuclear incident. The owners of Wolf Creek, a nuclear generating station, (Owners) carry the maximum available commercial insurance of $0.3 billion. Secondary Financial Protection, an assessment plan mandated by the Nuclear Regulatory Commission (NRC), provides insurance for the $10.5 billion balance.

Under Secondary Financial Protection, if there were a catastrophic nuclear incident involving any of the nation's licensed reactors, the Owners would be subject to a maximum retrospective assessment per incident of up to $95.8 million plus up to an additional 5% surcharge for a total of $100.6 million ($47.3 million, KCP&L's 47% share). The Owners are jointly and severally liable for these charges, payable at a rate not to exceed $10 million ($5 million, KCP&L's 47% share) per incident per year, excluding applicable premium taxes. The assessment, most recently revised in 2004, is subject to an inflation adjustment based on the Consumer Price Index and renewal of the Price-Anderson Act by Congress.

Property, Decontamination, Premature Decommissioning and Extra Expense Insurance

The Owners also carry $2.8 billion ($1.3 billion, KCP&L's 47% share) of property damage, decontamination and premature decommissioning insurance for loss

resulting from damage to the Wolf Creek facilities. Nuclear Electric Insurance Limited (NEIL) provides this insurance.

In the event of an accident, insurance proceeds must first be used for reactor stabilization and NRC mandated site decontamination. KCP&L's share of any remaining proceeds can be used for further decontamination, property damage restoration and premature decommissioning costs. Premature decommissioning coverage applies only if an accident at Wolf Creek exceeds $500 million in property damage and decontamination expenses, and only after trust funds have been exhausted.

The Owners also carry additional insurance from NEIL to cover costs of replacement power and other extra expenses incurred in the event of a prolonged outage resulting from accidental property damage at Wolf Creek.

Under all NEIL policies, the Owners are subject to retrospective assessments if NEIL losses, for each policy year, exceed the accumulated funds available to the insurer under that policy. The estimated maximum amount of retrospective assessments under the current policies could total about $26.0 million ($12.2 million, KCP&L's 47% share).

In the event of a catastrophic loss at Wolf Creek, the insurance coverage may not be adequate to cover property damage and extra expenses incurred. Uninsured losses, to the extent not recovered through rates, would be assumed by KCP&L and could have a material, adverse effect on its financial condition, results of operations and cash flows.

Low-Level Waste

The Low-Level Radioactive Waste Policy Amendments Act of 1985 mandated that the various states, individually or through interstate compacts, develop alternative low-level radioactive waste disposal facilities. The states of Kansas, Nebraska, Arkansas, Louisiana and Oklahoma formed the Central Interstate Low-Level Radioactive Waste Compact (Compact) and selected a site in northern Nebraska to locate a disposal facility. WCNOC and the owners of the other five nuclear units in the Compact provided most of the pre-construction financing for this project. KCP&L's net investment in the Compact was $7.4 million at June 30, 2004, and December 31, 2003.

Nebraska officials and residents in the area of the proposed facility have raised significant opposition to the project and have made attempts through litigation and proposed legislation in Nebraska to slow down or stop development of the facility. On December 18, 1998, the application for a license to construct this project was denied. After the license denial, WCNOC and others filed a lawsuit in federal court contending Nebraska officials acted in bad faith while handling the license application. In September 2002, the U.S. District Court Judge presiding over the Compact Commission's federal "bad faith" lawsuit against the State of Nebraska issued his decision in the case finding clear evidence that the State of Nebraska acted in bad faith in processing the license application for a low-level radioactive waste disposal site in Nebraska and rendered a judgment on behalf of the Compact Commission in the amount of $151.4 million against the state. The state appealed this decision to the U.S. Court of Appeals for the Eighth Circuit. On February 18, 2004, a three-judge panel of the appellate court unanimously affirmed the trial court's decision in its entirety. On March 2, 2004, Nebraska filed a Petition for Rehearing En Banc with the U.S. Court of Appeals for the Eighth Circuit. The court denied Nebraska's petition on April 21, 2004. Nebraska's only remaining avenue of appeal is to seek review by the U.S. Supreme Court. Nebraska filed its petition for review with that court on July 16, 2004. Based on the favorable outcome of the trial and appeal, in KCP&L's opinion, there is a greater possibility of reversing the state's license denial once the decision in this case is final. However, at this juncture it appears more likely that the ultimate remedy in the case will be Nebraska's payment of monetary damages to the Compact Commission, or an arrangement by Nebraska and the Compact Commission for long-term waste disposal capability in another compact region, or a combination of the two, in lieu of issuance of a license to the proposed Boyd County, Nebraska, facility.

In May 1999, the Nebraska legislature passed a bill withdrawing Nebraska from the Compact. In August 1999, the Nebraska Governor gave official notice of the withdrawal to the other member states effective in August 2004. In June 2003, the Compact Commission revoked Nebraska's membership in the Compact effective July 17, 2004. As a result, Nebraska's legal rights under the Compact will be extinguished on the effective date of either the Compact Commission's revocation of Nebraska's membership or Nebraska's withdrawal from the Compact. If the Compact Commission severs Nebraska's membership by virtue of revocation, any legal obligations Nebraska incurred prior to revocation shall not cease until Nebraska fulfills them. The Compact Commission has taken the position that Nebraska's legal obligations include the obligation to be the host state for a disposal site. Nebraska's legal obligations, under the Compact Commission's position, are more extensive than would exist if Nebraska's withdrawal preceded the revocation of its membership. On August 22, 2003, Nebraska filed a new lawsuit in U.S. District Court in Nebraska seeking to have the Compact Commission's action deemed void; it does not seek damages.

Environmental Matters

The Company is subject to regulation by federal, state and local authorities with regard to air and other environmental matters primarily through KCP&L's operations. The generation, transmission and distribution of electricity produces and requires disposal of certain hazardous products that are subject to these laws and regulations. In addition to imposing continuing compliance obligations, these laws and regulations authorize the imposition of substantial penalties for noncompliance, including fines,

injunctive relief and other sanctions. Failure to comply with these laws and regulations could have a material adverse effect on consolidated KCP&L and Great Plains Energy.

KCP&L operates in an environmentally responsible manner and seeks to use current technology to avoid and treat contamination. KCP&L regularly conducts environmental audits designed to ensure compliance with governmental regulations and to detect contamination. Governmental bodies, however, may impose additional or more restrictive environmental regulations that could require substantial changes to operations or facilities at a significant cost. At June 30, 2004, and December 31, 2003, KCP&L had $1.8 million accrued for environmental remediation expenses covering water monitoring at one site and unasserted claims for remediation at a second site. The amounts accrued were established on an undiscounted basis and KCP&L does not currently have an estimated time frame over which the accrued amounts may be paid out.

On April 15, 2004, the EPA issued to KCP&L a notice of violation of Hawthorn No. 5 permit limits on SO_2 emissions. SO_2 emissions from Hawthorn No. 5 exceeded the applicable thirty-day rolling average emission limit on certain days in the third and fourth quarters of 2003 and also exceeded the applicable 24-hour emission limit on one day in the fourth quarter of 2003. Equipment issues that caused these violations are being addressed by KCP&L. KCP&L management does not expect the cost of correcting the equipment issues or resolving this matter with the EPA to be material to its financial statements.

Discussed below are issues that may require material expenditures to comply with environmental laws and regulations. KCP&L's expectation is that any such expenditures will be recovered through rates.

Clean Air Legislation

Congress is currently debating numerous bills that could make significant changes to the Clean Air Act Amendments of 1990 (Clean Air Act) including potential establishment of nationwide limits on power plant emissions for several specific pollutants. Some of these legislative bills address oxides of sulfur and nitrogen (SO_x and NO_x), mercury and carbon dioxide (CO_2), while other legislative bills address SO_x, NO_x and mercury, and some legislative bills address CO_2 by itself. There are various compliance dates and compliance limits stipulated in the numerous legislative bills being debated. These bills have the potential for a significant financial impact on KCP&L through the installation of new pollution control equipment to achieve compliance if new nationwide limits are enacted. The financial consequences to KCP&L cannot be accurately determined until the final legislation is passed. However, KCP&L would seek recovery of capital costs and expenses for such compliance through rates. KCP&L will continue to monitor the progress of these bills.

EPA Phase II NO_x SIP Call

On April 1, 2004, the Environmental Protection Agency (EPA) issued final Phase II NO_x State Implementation Plan (SIP) Call regulation, which specifically excludes coal-fired power plants in the western part of Missouri, including all of KCP&L's Missouri coal-fired plants, from the NO_x SIP Call. The final Phase II NO_x SIP Call was contained in the April 21, 2004, Federal Register with an effective date of June 7, 2004. The final Phase II NO_x SIP Call regulation subjects power plants in the eastern one-third of Missouri to the NO_x SIP Call requirements effective May 1, 2007. This action completes the EPA's response to several decisions from the U.S. Court of Appeals for the District of Columbia.

NO_x and SO_2 Regulations-Proposed Clean Air Interstate Rule

In January 30, 2004, Federal Register, the EPA published a proposed regulation titled the Interstate Air Quality Rule, which addresses SO_2 and NO_x emissions. This title was subsequently changed to the Clean Air Interstate Rule (CAIR). A supplemental proposal for the CAIR was published in the June 10, 2004, Federal Register. The proposed CAIR is designed to reduce NO_x and SO_2 emissions 65% and 70%, respectively, below current levels in a two-phased program between 2010 and 2015.

If coal-fired plants in Missouri and Kansas are required to implement reductions under the proposed CAIR, KCP&L would need to incur significant capital costs, purchase power or purchase emission allowances. Preliminary analysis of the proposed regulation indicates that selective catalytic reduction technology for NO_x control and scrubbers for SO_2 control may be required for some of the KCP&L units. Currently, KCP&L estimates that additional capital expenditures could range from $385 million to $585 million. The timing of the installation of such control equipment is uncertain pending the final regulation being issued. The final regulation is expected to contain specific compliance dates and compliance levels, final determination of whether Kansas and/or Missouri are included (as they are in the proposed rules), as well as the applicability of accumulated SO_2 allowances for future compliance. KCP&L continues to refine these preliminary estimates and explore alternatives. The ultimate cost of these regulations, if any, could be significantly different from the amounts estimated above. The CAIR is scheduled to be finalized in December 2004. As discussed below, certain of the control technology for SO_2 and NO_x will also aid in the control of mercury. If mercury controls, as discussed below, are required to be implemented prior to the CAIR, the above estimates could be reduced by $130 million.

In the May 5, 2004, Federal Register, the EPA published proposed regulations on best available retrofit technology (BART) that would amend its July 1999 regional haze regulations regarding emission controls for industrial facilities emitting air pollutants that reduce visibility. The BART requirement would direct state air quality agencies to identify whether emissions from sources subject to BART are below limits set by the state, or whether retrofit measures are needed to reduce the emissions below those limits. If the proposed BART regulations are adopted, they will apply to KCP&L units Montrose No. 3, LaCygne No. 1, LaCygne No. 2 and Iatan. Based on the results of the state air quality studies, KCP&L could be required to achieve compliance by making capital expenditures that would be similar to those required for the proposed CAIR. The EPA is scheduled to adopt final regulations by April 15, 2005; however, if the proposed CAIR is adopted, management believes the EPA will reevaluate the need for the proposed BART regulation.

Mercury Emissions

In July 2000, the National Research Council published its findings of a study under the Clean Air Act, which stated that power plants that burn fossil fuels, particularly coal, generate the greatest amount of mercury emissions. As a result, in the January 30, 2004, and March 16, 2004, Federal Registers, the EPA published proposed regulations for controlling mercury emissions from coal-fired power plants that contained three options. Two of the options, the EPA's preferred approaches, call for regulating mercury via emission trading regimes under section 111 or section 112 of the Clean Air Act (cap and trade options), and the third option would require utilities to install controls known as maximum achievable control technology (MACT). The EPA is scheduled to issue final rules by March 2005.

Under either of the cap and trade options, both of which would become applicable in 2010, the EPA would establish a mechanism by which mercury emissions from new and existing coal-fired plants would be capped at specified, nationwide levels. A first phase cap of 34 tons would become effective on January 1, 2010, and a second phase cap of 15 tons would become effective on January 1, 2018. Facilities would demonstrate compliance with the standard by holding one allowance for each ounce of mercury emitted in any given year and allowances would be readily transferable among all regulated facilities nationwide. Under the cap and trade options, KCP&L would be able to purchase mercury allowances that would be available nationwide or elect to install pollution control equipment to achieve compliance. While it is expected that mercury allowances would be available for purchase at a reasonable price in the 2010-2018 timeframe, the significant reduction in the nationwide cap in 2018 may hamper KCP&L's ability to obtain reasonably priced allowances beyond 2018. Therefore, capital expenditures may be required in the 2016-2018 timeframe to install mercury pollution control equipment.

Under the MACT option, KCP&L could incur capital expenses prior to the 2007-2008 timeframe when the regulation would be applicable. This option would require compliance on a facility basis and therefore the option of trading nationwide mercury allowances would not be available. The EPA stated in the preamble that there are no adequately demonstrated control technologies specifically designed to reduce mercury emissions from coal-fired plants. However, the EPA also stated it is confident such technologies will be commercially available by 2007. There is currently considerable debate at the EPA and within the utility industry whether the installation of pollution control equipment for the control of NO_x and SO_2 under the CAIR might simultaneously remove mercury to the specified MACT regulatory levels, which is referred to as the co-benefit approach. If this assumption is correct, and if the CAIR became final and all of KCP&L's units were subject to the final regulation, KCP&L would not be required to install additional mercury control equipment to achieve compliance with this regulation. However, if the co-benefit assumption is not correct, or if KCP&L units located in Missouri and/or Kansas were not included in the final CAIR regulation, KCP&L would be required to install mercury control equipment prior to 2007. If KCP&L were required to install mercury control equipment on all of its coal-fired plants, it is anticipated that activated carbon injection in conjunction with a baghouse would be the mercury control equipment that would need to be installed at a projected cost to KCP&L of approximately $151 million.

KCP&L is a participant in the Department of Energy (DOE) project at the Sunflower Electric Holcomb plant to investigate control technology options for mercury removal from coal-fired plants burning sub bituminous coal.

Carbon Dioxide
At a December 1997 meeting in Kyoto, Japan, delegates from 167 nations, including the U.S., agreed to a treaty (Kyoto Protocol) that would require a 7% reduction in U.S. CO_2 emissions below 1990 levels, a nearly 30% cut from current levels. On March 28, 2001, the Bush administration announced it will not negotiate implementation of the Kyoto Protocol and it will not send the Kyoto Protocol to the U.S. Senate for ratification.

There are several legislative bills being debated in the U.S. congress that address the CO_2 issue, including establishing a nationwide cap on CO_2 levels. There are various compliance dates and nationwide caps stipulated in the numerous legislative bills being debated. These bills have the potential for a significant financial impact on KCP&L in conjunction with achieving compliance with the proposed new nationwide limits. However, the financial consequences to KCP&L cannot be determined until final legislation is passed. KCP&L will continue to monitor the progress of these bills.

On February 14, 2002, President Bush unveiled his Clear Skies Initiative, which included a climate change policy. The climate change policy is a voluntary program that relies heavily on incentives to encourage industry to voluntarily limit emissions. The strategy includes tax credits, energy conservation programs, funding for research into new technologies, and a plan to encourage companies to track and report their emissions so that companies could gain credits for use in any future emissions trading program. The greenhouse strategy links growth in emissions of greenhouse gases to economic output. The administration's strategy is intended to reduce the greenhouse gas intensity of the U.S. economy by 18% over the next 10 years. Greenhouse gas intensity measures the ratio of greenhouse gas emissions to economic output as measured by Gross Domestic Product (GDP). Under this plan, as the economy grows, greenhouse gases also would continue to grow, although at a slower rate than they would have without these policies in place. When viewed per unit of economic output, the rate of emissions would drop. The plan projects that the U.S. will lower its rate of greenhouse gas emissions from an estimated 183 metric tons per $1 million of GDP in 2002 to 151 metric tons per $1 million of GDP by 2012.

On December 19, 2002, Great Plains Energy joined the Power Partners through Edison Electric Institute (EEI). Power Partners is a voluntary program with the DOE under which utilities commit to undertake measures to reduce, avoid or sequester CO_2 emissions. Eventually, industry sectors and individual companies are expected to enter into an umbrella memorandum of understanding (MOU) that will set forth programs for industries and individual companies to reduce greenhouse gas emissions.

On January 17, 2003, the EEI sent a letter to numerous Administration officials, in which the EEI committed to work with the government over the next decade to reduce the power sector's CO_2 emissions per kWh generated (carbon intensity) by the equivalent of 3 to 5% of the current level.

In the near future, Power Partners plans to enter into a cooperative umbrella MOU with the DOE. This will contain supply and demand-side actions as well as offset projects that will be undertaken to reduce the power sector's CO_2 emissions per kWh generated over the next decade consistent with the EEI commitment. Once the MOU is completed, individual companies, including KCP&L, will enter into agreements with the DOE that set forth quantitative, concrete and specific activities to reduce, avoid or sequester greenhouse gases.

EPA New Source Review
The EPA is conducting an enforcement initiative under Section 114(a) of the Clean Air Act to determine whether modifications at selected coal-fired plants across the U.S. may have been subject to New Source Performance Standards (NSPS) or New Source Review (NSR) requirements. After an operator has received a Section 114 letter, the EPA requests data and reviews all expenditures at the plants to determine if they were routine maintenance or whether the expenditures were for substantial modifications or resulted in improved operations. If a plant, subject to a Section 114 letter, is determined to have been subject to NSPS or NSR, the plant could be required to install best available control technology or lowest achievable emission rate technology. KCP&L has not received a Section 114 letter to date.

Air Particulate Matter and Ozone
In July 1997, the EPA revised ozone and particulate matter air quality standards creating a new eight-hour ozone standard and establishing a new standard for particulate matter less than 2.5 microns (PM-2.5) in diameter. These standards were challenged in Federal court. However, the courts ultimately denied all state, industry and environmental groups petitions for review and thus upheld as valid the EPA's new eight-hour ozone and PM-2.5 National Ambient Air Quality Standards (NAAQS). In so doing, the court held that the EPA acted consistently with the Clean Air Act in setting the standards at the levels it chose and the EPA's actions were reasonable and not arbitrary and capricious, and cited the deference given the EPA's decision-making authority. The court stated that the extensive records established for each rule supported the EPA's actions in both rulemakings. This removed the last major hurdle to the EPA's implementation of stricter ambient air quality standards for ozone and fine particles. On April 15, 2004, the EPA designated the Kansas City area as unclassifiable with respect to the eight-hour ozone NAAQS based on 2003 ozone season data and in attainment with respect to the PM-2.5 NAAQS. However, the EPA could review the 2004 ozone season data and reclassify the Kansas City area with respect to the eight-hour ozone NAAQS as early as November 2004. On April 15, 2004, Kansas recommended that the EPA designate all of Kansas as in attainment/unclassifiable with respect to the PM-2.5 NAAQS.

Proposed Water Use Regulations
On February 16, 2004, the EPA finalized the Phase II rule implementing Section 316(b) of the Clean Water Act establishing standards for cooling water intake structures at existing facilities. The final rule was published in the July 9, 2004, Federal Register with an effective date of September 7, 2004. This final regulation is applicable to certain existing power producing facilities that employ cooling water intake structures that withdraw 50 million gallons or more per day and use 25% or more of that water

for cooling purposes. KCP&L will be required to complete a Section 316(b) comprehensive demonstration study on each of its generating facilities' intake structures within the next three and one half years. Depending on the outcome of the comprehensive demonstration study, facilities may be required to implement technological, operational, or restoration measures to achieve compliance. Overall, compliance is scheduled to be achieved between 2011 and 2014. Costs of the required comprehensive demonstration study are expected to be $0.3 million to $0.5 million per facility and occur between 2004 and 2006. Until the Section 316(b) comprehensive demonstration studies are completed, the impact of this final rule cannot be quantified.

13. LEGAL PROCEEDINGS

Strategic Energy
On March 23, 2004, Robert C. Haberstroh filed suit for breach of employment contract and violation of the Pennsylvania Wage Payment Collection Act against Strategic Energy Partners, Ltd. (Partners), SE Holdings and Strategic Energy in the Court of Common Pleas of Allegheny County, Pennsylvania. Mr. Haberstroh claims that he acquired an equity interest in Partners under the terms of his employment agreement and that through a series of transactions, Mr. Haberstroh's

equity interest became an equity interest in SE Holdings. In 2001, Mr. Haberstroh's employment was terminated. Mr. Haberstroh's equity interest was redeemed by SE Holdings. Mr. Haberstroh is seeking the loss of his non-equity compensation (including salary, bonus and benefits) and equity compensation and associated distributions (his equity interest in SE Holdings).

Strategic Energy has filed a counterclaim against Mr. Haberstroh for breach of contract and a declaratory judgment. SE Holdings, and its direct and indirect owners, have agreed to indemnify Strategic Energy and Innovative Energy Consultants Inc. against any judgment or settlement of Mr. Haberstroh's claim that relates to his equity interest in SE Holdings, up to a maximum amount of approximately $8 million.

See Note 11 for further information regarding related party transactions.

KLT Gas

On July 28, 2004, KLT Gas received a Notice and Demand for Arbitration Pursuant to Joint Operating Agreement from SWEPI LP (d/b/a Shell Western E&P and f/k/a Shell Western E&P Inc.) (Shell). KLT Gas has a 50% working interest in certain oil and gas leases in Duval County, Texas; Shell holds the other 50% working interest and is the operator of the properties under a joint operating agreement, as amended (JOA). Three groups of current or past lessors filed suit against Shell in Duval County, Texas, alleging various claims against Shell. Additionally, Shell has been party to ongoing proceedings before the Texas Railroad Commission relating to a well drilled on acreage adjacent to the properties of Shell and KLT Gas mentioned above. Through arbitration, Shell is seeking recovery from KLT Gas of 50% of the fees and costs incurred in the three lawsuits and the Texas Railroad Commission proceedings and settlement proceeds paid with respect to the three lawsuits, which Shell asserts is a total amount of not less than $5.4 million for KLT Gas' share. Shell is also seeking a declaration that the fees and costs incurred and settlement proceeds paid, including any fees and costs incurred in the future, are reimbursable expenses under the JOA and that Shell, among other things, may recoup such expenses, if necessary, from KLT Gas' production proceeds earned on properties covered by the JOA. Shell is seeking a ruling compelling KLT Gas to pay Shell immediately all sums deemed to be due pursuant to the arbitration. KLT Gas and its counsel continue to evaluate KLT Gas' rights and obligations under the JOA as well as possible counterclaims that KLT Gas may have against Shell; however, it is too early to predict the ultimate outcome of this demand for arbitration.

14. SEGMENT AND RELATED INFORMATION

Great Plains Energy

Great Plains Energy has two reportable segments based on its method of internal reporting, which generally segregates the reportable segments based on products and services, management responsibility and regulation. In February 2004, the Company announced its plan to sell the KLT Gas portfolio and exit the gas business. As a result, KLT Gas' financial results are reported as discontinued operations and KLT Gas is no longer considered a reportable segment. The two reportable business segments are: (1) KCP&L, an integrated, regulated electric utility, which generates, transmits and distributes electricity; and (2) Strategic Energy, a competitive electricity supplier, which operates in several electricity markets offering retail choice. "Other" includes the operations of HSS, GPP, Services, all KLT Inc. operations other than Strategic Energy, unallocated corporate charges and intercompany eliminations, which are immaterial. The summary of significant accounting policies applies to all of the reportable segments. Segment performance is evaluated based on net income.

The tables below reflect summarized financial information concerning Great Plains Energy's reportable segments. Prior year information has been restated to conform to the current presentation.

Three Months Ended June 30, 2004	KCP&L	Strategic Energy	Other	Great Plains Energy
		(millions)		
Operating revenues	$ 274.7	$ 338.5	$ 0.3	$ 613.5
Depreciation and depletion	(36.1)	(1.2)	(0.3)	(37.6)
Interest charges	(17.0)	(0.2)	(1.8)	(19.0)
Income taxes	(19.6)	(7.1)	6.8	(19.9)
Loss from equity investments	-	-	(0.3)	(0.3)
Income from discontinued operations	-	-	0.2	0.2
Net income (loss)	32.6	9.3	(0.3)	41.6

Three Months Ended June 30, 2003	KCP&L	Strategic Energy	Other	Great Plains Energy
		(millions)		
Operating revenues	$ 247.3	$ 255.2	$ 0.5	$ 503.0
Depreciation and depletion	(34.7)	(0.4)	(0.3)	(35.4)
Interest charges	(17.6)	(0.2)	(1.6)	(19.4)
Income taxes	(13.7)	(7.6)	11.2	(10.1)
Loss from equity investments	-	-	(0.3)	(0.3)
Loss from discontinued operations	-	-	(8.1)	(8.1)
Net income	22.3	9.6	19.0	50.9

Year to Date June 30, 2004	KCP&L	Strategic Energy	Other	Great Plains Energy
		(millions)		
Operating revenues	$ 521.2	$ 633.0	$ 0.8	$1,155.0
Depreciation and depletion	(71.8)	(1.8)	(0.5)	(74.1)
Interest charges	(34.1)	0.3	(3.5)	(37.3)
Income taxes	(31.9)	(14.3)	14.1	(32.1)

Loss from equity investments	-	-	(0.6)	(0.6)
Loss from discontinued operations	-	-	(2.0)	(2.0)
Net income (loss)	54.2	18.6	(3.9)	68.9

Year to Date June 30, 2003	KCP&L	Strategic Energy	Other	Great Plains Energy
		(millions)		
Operating revenues	$ 481.7	$ 484.4	$ 1.1	$ 967.2
Depreciation and depletion	(69.3)	(0.7)	(0.7)	(70.7)
Interest charges	(35.4)	(0.3)	(3.2)	(38.9)
Income taxes	(24.4)	(15.2)	18.3	(21.3)
Loss from equity investments	-	-	(0.6)	(0.6)
Loss from discontinued operations	-	-	(15.6)	(15.6)
Net income	35.7	19.4	10.3	65.4

	KCP&L	Strategic Energy	Other	Great Plains Energy
June 30, 2004		(millions)		
Assets	$ 3,447.4	$ 430.7	$ 101.6	$ 3,979.7
Capital and investment expenditures [a]	105.8	1.3	91.8	198.9
December 31, 2003				
Assets	$ 3,293.5	$ 283.0	$ 105.5	$ 3,682.0
Capital and investment expenditures [a] [b]	152.3	3.1	0.1	155.5

[a] Capital and investment expenditures reflect annual amounts for the periods presented.

[b] At December 31, 2003, KLT Gas discontinued operations had $19.4 million in capital and investment expenditures not included in the table above.

Consolidated KCP&L

The following tables reflect summarized financial information concerning consolidated KCP&L's reportable segment. Other includes the operations of HSS and intercompany eliminations, which are immaterial.

Three Months Ended June 30, 2004	KCP&L	Other	Consolidated KCP&L
		(millions)	
Operating revenues	$ 274.7	$ 0.3	$ 275.0
Depreciation and depletion	(36.1)	(0.3)	(36.4)
Interest charges	(17.0)	(0.2)	(17.2)
Income taxes	(19.6)	0.3	(19.3)
Net income (loss)	32.6	(0.3)	32.3

Three Months Ended June 30, 2003	KCP&L	Other	Consolidated KCP&L
		(millions)	
Operating revenues	$ 247.3	$ 0.6	$ 247.9
Depreciation and depletion	(34.7)	(0.3)	(35.0)
Interest charges	(17.6)	-	(17.6)
Income taxes	(13.7)	0.3	(13.4)
Loss from discontinued operations	-	(7.5)	(7.5)
Net income (loss)	22.3	(7.8)	14.5

Year to Date June 30, 2004	KCP&L	Other	Consolidated KCP&L
		(millions)	
Operating revenues	$ 521.2	$ 0.8	$ 522.0
Depreciation and depletion	(71.8)	(0.5)	(72.3)

Interest charges	(34.1)	(0.3)	(34.4)
Income taxes	(31.9)	0.5	(31.4)
Net income (loss)	54.2	(0.7)	53.5

Year to Date June 30, 2003	**KCP&L**	**Other**	**Consolidated KCP&L**
		(millions)	
Operating revenues	$ 481.7	$ 1.1	$ 482.8
Depreciation and depletion	(69.3)	(0.6)	(69.9)
Interest charges	(35.4)	-	(35.4)
Income taxes	(24.4)	0.4	(24.0)
Loss from discontinued operations	-	(8.7)	(8.7)
Net income (loss)	35.7	(9.3)	26.4

	KCP&L	**Other**	**Consolidated KCP&L**
June 30, 2004		(millions)	
Assets	$ 3,447.4	$ 9.1	$ 3,456.5
Capital and investment expenditures [(a)]	105.8	-	105.8
December 31, 2003			
Assets	$ 3,293.5	$ 9.1	$ 3,302.6
Capital and investment expenditures [(a)]	152.3	-	152.3

[(a)] Capital and investment expenditures reflect annual amounts for the periods presented.

15. DERIVATIVE FINANCIAL INSTRUMENTS

The Company's activities expose it to a variety of market risks including interest rates and commodity prices. Management has established risk management policies and strategies to reduce the potentially adverse effects that the volatility of the markets may have on its operating results. The Company's risk management activities, including the use of derivatives, are subject to the management, direction and control of internal risk management committees. The Company's interest rate risk management strategy uses derivative instruments to adjust the Company's liability portfolio to optimize the mix of fixed and floating rate debt within an established range. The Company maintains commodity-price risk management strategies that use derivative instruments to minimize significant, unanticipated earnings fluctuations caused by commodity price volatility. Derivative instruments measured at fair value are recorded on the balance sheet as an asset or liability. Changes in fair value are recognized currently in earnings unless specific hedge accounting criteria are met.

Interest Rate Risk Management
In 2002, KCP&L remarketed its 1998 Series A, B, and D Environmental Improvement Revenue Refunding bonds totaling $146.5 million to a 5-year fixed interest rate of 4.75% ending October 1, 2007. Simultaneously with the remarketing, KCP&L entered into an interest rate swap for the $146.5 million based on the London Interbank Offered Rate (LIBOR) to effectively create a floating interest rate obligation. The transaction is a fair value hedge with no ineffectiveness. Changes in the fair market value of the swap are recorded on the balance sheet as an asset with an offset to the respective debt balances with no impact on earnings. The fair value of the swap was an asset of $0.3 million and $3.3 million at June 30, 2004, and December 31, 2003, respectively.

Commodity Risk Management
KCP&L's risk management policy is to use derivative hedge instruments to mitigate its exposure to market price fluctuations on a portion of its projected gas purchases to meet generation requirements for retail and firm wholesale sales. These hedging instruments are designated as cash flow hedges. The fair market values of these instruments are recorded as current assets or current liabilities. To the extent the hedges are not effective, the ineffective portion of the change in fair market value is recorded currently in fuel expense. When the gas is purchased, the amounts in other comprehensive income (OCI) are reclassified to the consolidated income statement.

Strategic Energy maintains a commodity-price risk management strategy that uses forward physical energy purchases and derivative instruments to minimize significant, unanticipated earnings fluctuations caused by commodity-price volatility. Supplying electricity to retail customers requires Strategic Energy to match customers' projected demand with fixed price purchases. Derivative instruments are used to limit the unfavorable effect that price increases will have on electricity purchases, effectively fixing the future purchase price of electricity for the applicable forecasted usage and protecting Strategic Energy from significant price volatility. Certain forward fixed price purchases and swap agreements are designated as cash flow hedges resulting in changes in the hedge value being recorded as OCI. To the extent that the hedges are not effective, the ineffective portion of the changes in fair market value is recorded currently in purchased power. Strategic Energy also enters into economic hedges that do not qualify as accounting hedges. The changes in the fair value of these derivative instruments are recorded into earnings as a component of purchased power.

The amounts recorded in accumulated other comprehensive income (AOCI) related to the cash flow hedges are summarized in the following tables:

Activity for the three months ended June 30, 2004

	March 31 2004	**Increase (Decrease) in AOCI**	**Reclassified to earnings**	**June 30 2004**

Great Plains Energy		(millions)		
Current assets	$ 5.8	$ 6.8	$ (0.6)	$ 12.0
Other deferred charges	1.6	2.0	-	3.6
Other current liabilities	-	0.1	-	0.1
Deferred income taxes	(3.0)	(3.8)	0.2	(6.6)
Other deferred credits	(0.6)	(0.2)	0.1	(0.7)
Total	$ 3.8	$ 4.9	$ (0.3)	$ 8.4
Consolidated KCP&L				
Other current assets	$ 0.5	$ -	$ -	$ 0.5
Deferred income taxes	(0.2)	-	-	(0.2)
Total	$ 0.3	$ -	$ -	$ 0.3

Activity for the three months ended June 30, 2003

	March 31 2003	**Increase (Decrease) in AOCI**	**Reclassified to earnings**	**June 30 2003**
Great Plains Energy		(millions)		
Other current assets	$ 10.7	$ 0.5	$ (2.8)	$ 8.4
Other deferred charges	-	0.2	-	0.2
Other current liabilities	(2.2)	(3.7)	0.4	(5.5)
Deferred income taxes	(3.4)	1.8	0.9	(0.7)
Other deferred credits	(0.6)	(1.1)	0.3	(1.4)
Total	$ 4.5	$ (2.3)	$ (1.2)	$ 1.0
Consolidated KCP&L				
Other current assets	$ 1.6	$ (0.1)	$ -	$ 1.5
Deferred income taxes	(0.6)	-	-	(0.6)
Total	$ 1.0	$ (0.1)	$ -	$ 0.9

Activity for the year to date June 30, 2004

	December 31 2003	**Increase (Decrease) in AOCI**	**Reclassified to earnings**	**June 30 2004**
Great Plains Energy		(millions)		
Current assets	$ 2.7	$ 11.0	$ (1.7)	$ 12.0
Other deferred charges	0.8	2.8	-	3.6
Other current liabilities	(2.6)	3.6	(0.9)	0.1
Deferred income taxes	(0.2)	(7.4)	1.0	(6.6)
Other deferred credits	(0.4)	(0.6)	0.3	(0.7)
Total	$ 0.3	$ 9.4	$ (1.3)	$ 8.4
Consolidated KCP&L				
Other current assets	$ 0.1	$ 0.4	$ -	$ 0.5
Deferred income taxes	-	(0.2)	-	(0.2)
Total	$ 0.1	$ 0.2	$ -	$ 0.3

Activity for the year to date June 30, 2003

	December 31 2002	**Increase (Decrease) in AOCI**	**Reclassified to earnings**	**June 30 2003**
Great Plains Energy		(millions)		
Other current assets	$ 3.0	$ 12.2	$ (6.8)	$ 8.4
Other deferred charges	-	0.2	-	0.2
Other current liabilities	(1.6)	(2.1)	(1.8)	(5.5)
Deferred income taxes	(0.7)	(3.3)	3.3	(0.7)

Other deferred credits	0.2	(2.6)	1.0	(1.4)
Total	$ 0.9	$ 4.4	$ (4.3)	$ 1.0
Consolidated KCP&L				
Other current assets	$ 0.3	$ 1.2	$ -	$ 1.5
Deferred income taxes	(0.1)	(0.5)	-	(0.6)
Total	$ 0.2	$ 0.7	$ -	$ 0.9

Reclassified to earnings for the three months ended June 30

	2004	2003
Great Plains Energy	(millions)	
Purchased power expense	$ (0.6)	$ (2.4)
Minority interest	0.1	0.3
Income taxes	0.2	0.9
OCI	$ (0.3)	$ (1.2)

Reclassified to earnings for the year to date June 30

	2004	2003
Great Plains Energy	(millions)	
Purchased power expense	$ (2.6)	$ (8.6)
Minority interest	0.3	1.0
Income taxes	1.0	3.3
OCI	$ (1.3)	$ (4.3)

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The Management's Discussion and Analysis of Financial Condition and Results of Operations that follow are a combined presentation for Great Plains Energy and consolidated KCP&L, both registrants under this filing. The discussion and analysis by management focuses on those factors that had a material effect on the financial condition and results of operations of the registrants during the periods presented. It should be read in conjunction with the accompanying consolidated financial statements and related notes and with the management's discussion and analysis included in the companies' 2003 Form 10-K.

Losses in the prior period related to the operations of KLT Gas have been reclassified and are presented as discontinued operations due to the February 2004 decision to sell the KLT Gas portfolio and exit the gas business. Losses in the prior period related to the operations of RSAE are presented as discontinued operations due to the June 2003 disposition of RSAE.

Great Plains Energy

Great Plains Energy does not own or operate any significant assets other than the stock of its subsidiaries. Great Plains Energy's direct subsidiaries are KCP&L, KLT Inc., GPP, IEC and Services.

Great Plains Energy Business Overview

As a diversified energy company, Great Plains Energy's reportable business segments include:

- KCP&L, an integrated, regulated electric utility, which provides reliable, affordable electricity to customers in the states of Missouri and Kansas and
- Strategic Energy, which provides competitive electricity supply services by entering into contracts with its customers to supply electricity, operates in several electricity markets offering retail choice, including California, Massachusetts, Michigan, New Jersey, New York, Ohio, Pennsylvania and Texas.

Strategic Planning and Intent

Over the first six months of 2004, the Company engaged in a comprehensive strategic planning process to map its view of the future of the electric industry, and ultimately the Company, over the next five to ten years. This inclusive process drew on the creativity and skills of employees, outside experts and community leaders. KCP&L held a series of public forums during June and July 2004 in Missouri and Kansas to discuss how to meet the area's growing need for electricity and cleaner air.

The strategic planning process sought to enhance the disciplined growth of the Company and build upon the strong foundation of KCP&L and Strategic Energy. This platform for growth provides a balanced mix of regulated earnings from the utility operations of KCP&L and the potential continued growth of Strategic

Energy as it expands its presence in competitive retail markets.

In July 2004, Great Plains Energy unveiled six key elements to its long-range strategic intent.

- KCP&L will expand and diversify its regulated supply portfolio to include new coal and wind generation.

- KCP&L will accelerate its investments in improving the environmental performance of its fleet, helping to protect its community's quality of life and preparing for an uncertain future of potentially more stringent regulations.

- KCP&L will adopt new delivery technology to enhance the reliability and efficiency of its delivery system. This technology will allow KCP&L to transform the delivery grid from a one-way to a two-way system. Customers will serve as both consumers and virtual suppliers of electricity through distributed generation and various demand response programs.

- Great Plains Energy will continue to profitably grow its competitive supply business, expanding into new markets, and creating new offerings when economical, and further cementing its reputation as the premium energy retailer from the standpoint of customer focus and value added.

- Great Plains Energy will collaborate even more closely with customers, communities, and regulators to take a broader view in anticipating and meeting their energy needs.

- Great Plains Energy will continue to manage its business to achieve disciplined growth, and strong operating performance, and deliver strong returns to its shareholders.

In initiating the Company's strategic intent, KCP&L held a series of public forums during June and July 2004 in Missouri and Kansas to discuss how to meet the area's growing need for electricity and cleaner air. After receiving input through the public forums, KCP&L is currently discussing with Kansas and Missouri state regulators a proposed plan including:

- accelerated environmental investments of $300 million to $350 million for selected existing plants,

- investment in up to 200 megawatts of wind generation,

- building and owning up to 500 megawatts of an 800 to 900 megawatt regulated coal fired plant at the Iatan site in Missouri and

- development of technologies and pilot programs to help customers conserve energy.

The proposal has the potential to add over $1 billion in rate-based investment for KCP&L over the next 10 years. For more information concerning the strategic intent, refer to www.greatplainsenergy.com.

Critical Accounting Policies

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect reported amounts and related disclosures. Management considers an accounting estimate to be critical if it requires assumptions to be made when the ultimate outcome was highly uncertain at the time the estimate was made and changes in the estimate or different reasonable estimates could have a material impact on the results of operations and financial condition. The discussion below is intended to update the discussion of critical accounting policies included in the companies' 2003 Form 10-K.

SFAS No. 144 — Write Down of KLT Gas Portfolio

Long-lived assets are periodically reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable as prescribed under SFAS No. 144.

In February 2004, the Great Plains Energy Board of Directors approved management's recommendation to sell the KLT Gas portfolio and exit the gas business. The Company evaluated this business and determined the amount of capital and the length of time required for development of reserves and production combined with the earnings volatility of the exploration process are no longer compatible with the Company's strategic vision. As a result of this decision, the Company wrote down

the KLT Gas portfolio to its estimated net realizable value in the first quarter of 2004. The $1.9 million write down reduced earnings by $1.2 million year to date June 30, 2004, and is included in Loss from discontinued operations, net of income taxes in Great Plains Energy's consolidated statement of income.

To the extent actual proceeds from the sale of the KLT Gas portfolio differ from the estimated net realizable value used to determine the write down, any difference will be reflected by Great Plains Energy on its consolidated statement of income at that time.

Related Party Transactions

In May 2004, Great Plains Energy, through IEC, completed the purchase from SE Holdings of an additional 11.45% indirect interest in Strategic Energy for $88.8 million, excluding transaction costs. The purchase increased Great Plains Energy's indirect ownership of Strategic Energy to just under 100%. In connection with the transaction, Mr. Zomnir, currently Chief Executive Officer of Strategic Energy, and other direct and indirect owners of SE Holdings entered into an agreement with IEC and Strategic Energy, providing for certain indemnification rights related to the litigation described in Note 13 to the consolidated financial statements. SE Holdings continues to be a member of Custom Energy Holdings and be represented on the Management Committees of Custom Energy Holdings and Strategic Energy.

Great Plains Energy Results of Operations

	Three Months Ended June 30		Year to Date June 30	
	2004	2003	2004	2003
	(millions)			
Operating revenues	$ 613.5	$ 503.0	$ 1,155.0	$ 967.2
Fuel	(42.3)	(37.1)	(82.9)	(74.5)
Purchased power - KCP&L	(17.3)	(15.8)	(29.8)	(31.9)
Purchased power - Strategic Energy	(307.5)	(226.1)	(571.8)	(426.0)
Other operating expenses	(126.7)	(118.3)	(251.7)	(235.1)
Depreciation and depletion	(37.6)	(35.4)	(74.1)	(70.7)
Gain on property	0.2	20.6	0.2	20.6
Operating income	82.3	90.9	144.9	149.6
Loss from equity investments	(0.3)	(0.3)	(0.6)	(0.6)
Non-operating income (expenses)	(1.7)	(2.1)	(4.0)	(7.8)
Interest charges	(19.0)	(19.4)	(37.3)	(38.9)
Income taxes	(19.9)	(10.1)	(32.1)	(21.3)
Discontinued operations	0.2	(8.1)	(2.0)	(15.6)
Net income	41.6	50.9	68.9	65.4
Preferred dividends	(0.4)	(0.4)	(0.8)	(0.8)
Earnings available for common stock	$ 41.2	$ 50.5	$ 68.1	$ 64.6

Three months ended June 30, 2004, compared to June 30, 2003

Great Plains Energy's earnings for the three months ended June 30, 2004, detailed in the table below, decreased to $41.2 million, or $0.59 per share, from $50.5 million, or $0.73 per share, compared to the same period of 2003.

	Earnings (loss)		Earnings (loss) per Great Plains Energy Share	
Three Months Ended June 30	2004	2003	2004	2003
	(millions)			
KCP&L	$ 32.6	$ 22.3	$ 0.47	$ 0.32
Subsidiary operations	(0.3)	(0.3)	(0.01)	-
Discontinued operations (RSAE)	-	(7.5)	-	(0.11)
Consolidated KCP&L	32.3	14.5	0.46	0.21
Strategic Energy	9.3	9.6	0.13	0.14
Other non-regulated operations	(0.6)	27.0	-	0.39
Discontinued Operations (KLT Gas)	0.2	(0.6)	-	(0.01)
Total	$ 41.2	$ 50.5	$ 0.59	$ 0.73

KCP&L's earnings increased $10.3 million for the three months ended June 30, 2004, compared to the same period of 2003. KCP&L's operating revenues increased $27.4 million primarily due to significant increases in wholesale MWhs sold and the average market price per MWh sold. This increase was partially offset by fuel expense and other operating expenses.

Strategic Energy's earnings decreased $0.3 million for the three months ended June 30, 2004, compared to the same period of 2003. The decrease is the result of a reduction in the gross margin per MWh and increased administrative and general expenses. Gross margin per MWh (revenues less purchased power divided by MWhs delivered) decreased 18% to $6.20 for the three months ended June 30, 2004.

Other non-regulated operations earnings for the three months ended June 30, 2003, includes $25.9 million for the effects of the June 2003 confirmation of the restructuring plan of DTI Holdings, Inc., Digital Teleport, Inc., and Digital Teleport of Virginia, Inc. and sale of substantially all of the assets of Digital Teleport,

Inc. to a subsidiary of CenturyTel, Inc.

Year to date June 30, 2004, compared to June 30, 2003

Great Plains Energy's earnings year to date June 30, 2004, detailed in the table below, increased to $68.1 million, or $0.98 per share, from $64.6 million, or $0.93 per share, compared to the same period of 2003.

	Earnings (loss)		Earnings (loss) per Great Plains Energy Share	
Year to Date June 30	**2004**	**2003**	**2004**	**2003**
	(millions)			
KCP&L	$ 54.2	$ 35.7	$ 0.78	$ 0.52
Subsidiary operations	(0.7)	(0.6)	(0.01)	(0.01)
Discontinued operations (RSAE)	-	(8.7)	-	(0.13)
Consolidated KCP&L	53.5	26.4	0.77	0.38
Strategic Energy	18.6	19.4	0.27	0.28
Other non-regulated operations	(2.0)	25.7	(0.03)	0.37
Discontinued operations (KLT Gas)	(2.0)	(6.9)	(0.03)	(0.10)
Total	$ 68.1	$ 64.6	$ 0.98	$ 0.93

KCP&L's earnings increased $18.5 million year to date June 30, 2004, compared to the same period of 2003. KCP&L's operating revenues increased $39.5 million primarily due to a significant increase in wholesale MWhs sold and the average market price per MWh sold. This increase was partially offset by increases in fuel expense and other operating expenses.

Strategic Energy's earnings decreased $0.8 million year to date June 30, 2004, compared to the same period of 2003. The decrease is the result of a reduction in the gross margin per MWh and increased administrative and general expenses. Gross margin per MWh (revenues less purchased power divided by MWhs delivered) decreased 15% to $6.50 year to date June 30, 2004.

Other non-regulated operations earnings year to date June 30, 2003, includes the $25.9 million effect of DTI discussed above.

The loss from discontinued operations (KLT Gas) of $2.0 million year to date June 30, 2004, includes a write down of the KLT Gas portfolio to its estimated net realizable value, which reduced earnings by $1.2 million, and year to date losses of $0.8 million from the wind down operations. Year to date June 30, 2003, loss of $6.9 million includes a loss of $5.5 million related to an impairment on a Rocky Mountain project. The $6.9 million loss has been reclassified and presented as discontinued operations.

Consolidated KCP&L

The following discussion of consolidated KCP&L's results of operations includes KCP&L, an integrated electric utility and HSS, an unregulated subsidiary of KCP&L. References to KCP&L, in the discussion that follows, reflect only the operations of the integrated electric utility.

Consolidated KCP&L Business Overview

As an integrated, regulated electric utility, KCP&L engages in the generation, transmission, distribution and sale of electricity. KCP&L has over 4,000 MW of generating capacity and has transmission and distribution facilities that served over 490,000 customers as of June 30, 2004. KCP&L has continued to experience load growth approximating the historical average of 2.0% to 2.5% annually through increased customer usage and additional customers. Rates charged for electricity are below the national average.

Under the Federal Energy Regulatory Commission (FERC) Order 2000, KCP&L, as an investor-owned utility, is strongly encouraged to join a FERC approved Regional Transmission Organization (RTO). RTOs combine transmission operations of utility businesses into regional organizations that schedule transmission services and monitor the energy market to ensure regional transmission reliability and non-discriminatory access. During February 2004, the Southwest Power Pool (SPP), of which KCP&L is a member, obtained conditional approval from FERC as an RTO. In response to the conditional approval, SPP made a compliance filing with FERC in early May 2004, demonstrating how it will comply with all of the conditions required to obtain final RTO approval. On July 2, 2004, FERC issued an Order responding to SPP's compliance filing. In this latest FERC Order, FERC recognized SPP's significant progress towards obtaining RTO status; however, FERC also directed SPP to make an additional compliance filing within 30 days. It is anticipated that SPP can meet the terms of this Order. The SPP made its second compliance filing in early August 2004. KCP&L intends on participating in SPP's RTO; however, state regulatory approvals will be required.

KCP&L has a wholly-owned subsidiary, HSS, which holds a residential services investment, Worry Free. Worry Free is no longer actively pursuing new customers and management does not anticipate any significant additional capital investments in Worry Free.

Consolidated KCP&L Results of Operations

The following table summarizes consolidated KCP&L's comparative results of operations, which includes KCP&L, an integrated electric utility, and HSS.

	Three Months Ended June 30		Year to Date June 30	
	2004	2003	2004	2003
	(millions)			
Operating revenues	$ 275.0	$ 247.9	$ 522.0	$ 482.8
Fuel	(42.3)	(37.1)	(82.9)	(74.5)
Purchased power	(17.3)	(15.8)	(29.8)	(31.9)
Other operating expenses	(110.9)	(106.0)	(219.2)	(209.7)
Depreciation and depletion	(36.4)	(35.0)	(72.3)	(69.9)
Gain (loss) on property	0.2	(0.1)	0.2	(0.1)
Operating income	68.3	53.9	118.0	96.7
Non-operating income (expenses)	0.5	(0.9)	1.3	(2.2)
Interest charges	(17.2)	(17.6)	(34.4)	(35.4)
Income taxes	(19.3)	(13.4)	(31.4)	(24.0)
Discontinued operations	-	(7.5)	-	(8.7)
Net income	$ 32.3	$ 14.5	$ 53.5	$ 26.4

Consolidated KCP&L's income from continuing operations for the three months ended June 30, 2004, compared to the same period of 2003, increased $10.3 million. Consolidated KCP&L's operating revenues increased $27.1 million primarily due to a 21% increase in KCP&L's wholesale MWh sales. The increase was partially offset by increased fuel, purchased power and other operating expenses including pension, transmission and employee-related expenses.

Consolidated KCP&L's income from continuing operations increased $18.4 million year to date June 30, 2004, compared to the same period of 2003. Consolidated KCP&L's operating revenues increased $39.2 million primarily due to an 18% increase in KCP&L's wholesale MWh sales and an 11% increase in average wholesale power prices. The increase was partially offset by increased fuel and other operating expenses.

As described in the 2003 Form 10-K, KCP&L filed suit against multiple defendants who are alleged to have responsibility for the 1999 Hawthorn No. 5-boiler explosion. KCP&L and its primary insurance company have entered into a subrogation allocation agreement under which recoveries in this suit are generally allocated 55% to the primary insurance company and 45% to KCP&L. In the first quarter of 2004, an additional defendant settled with KCP&L in this litigation, resulting in KCP&L recording $1.7 million under the terms of the subrogation allocation agreement. The amount recorded in earnings related to the loss of use of the plant was approximately $0.9 million ($0.6 million net of income taxes). The effect was to increase wholesale revenues $0.1 million, decrease fuel expense $0.2 million and decrease purchased power expense $0.6 million. The remaining $0.8 million was recorded as a recovery of capital expenditures.

Discontinued operations from RSAE year to date June 30, 2003, were a loss of $8.7 million, which included a $7.5 million loss for the three months ended June 30, 2003. The $7.5 million included a $7.1 million loss on the disposition of HSS' interest in RSAE.

Consolidated KCP&L Sales Revenues and MWh Sales

	Three Months Ended June 30		%	Year to Date June 30		%
	2004	2003	Change	2004	2003	Change
Retail revenues	(millions)			(millions)		
Residential	$ 87.7	$ 81.4	8	$ 161.8	$ 153.8	5
Commercial	106.5	103.5	3	197.7	193.3	2
Industrial	24.5	24.4	1	46.3	45.3	2
Other retail revenues	2.0	2.1	(5)	4.1	4.2	(3)
Total retail	220.7	211.4	4	409.9	396.6	3
Wholesale revenues	50.0	32.4	54	103.6	78.7	32
Other revenues	4.0	3.5	13	7.7	6.4	21
KCP&L electric revenues	274.7	247.3	11	521.2	481.7	8
Subsidiary revenues	0.3	0.6	(20)	0.8	1.1	(22)
Consolidated KCP&L revenues	$ 275.0	$ 247.9	11	$ 522.0	$ 482.8	8

	Three Months Ended	Year to Date

	June 30		%	June 30		%
	2004	2003	Change	2004	2003	Change
Retail MWh sales	(thousands)			(thousands)		
Residential	1,164	1,070	9	2,359	2,224	6
Commercial	1,698	1,653	3	3,377	3,282	3
Industrial	515	503	2	1,007	982	3
Other retail MWh sales	18	22	(12)	39	42	(6)
Total retail	3,395	3,248	5	6,782	6,530	4
Wholesale MWh sales	1,627	1,341	21	3,344	2,831	18
KCP&L electric MWh sales	5,022	4,589	9	10,126	9,361	8

Retail revenues increased by $9.3 million for the three months ended and $13.3 million year to date June 30, 2004, compared to the same periods of 2003. The increases in revenues are primarily due to warmer spring weather and continued load growth. Load growth consists of higher usage per customer and the addition of new customers. Weather most significantly affects residential customers' usage patterns. Residential usage per customer increased 8% and 5% for the three months ended and year to date June 30, 2004, compared to the same periods of 2003, respectively. Less than 1% of revenues include an automatic fuel adjustment provision.

Wholesale revenues increased by $17.6 million for the three months ended and $24.9 million year to date June 30, 2004, compared to the same periods of 2003. Bulk power sales, the major component of wholesale sales, vary with system requirements, generating unit and purchased power availability, fuel costs and requirements of other electric systems. KCP&L's coal fleet equivalent availability factor increased to 79% for the three months ended and 81% year to date June 30, 2004, compared to 72% and 74%, respectively, for the same periods of 2003, contributing to an increased volume of MWh's available to sell. In addition to these factors, wholesale MWh sales increased by 21% for the three months ended and 18% year to date, compared to the same periods of 2003, due to market prices in excess of KCP&L's generation cost, the packaging of generation and transmission service to provide a delivered product and expanded marketing efforts. Higher average market prices per MWh of power sold increased 37% for the three months ended and 11% year to date, compared to the same periods of 2003, which also contributed to the increases in wholesale revenues.

KCP&L Fuel and Purchased Power

The fuel cost per MWh generated and the purchased power cost per MWh has a significant impact on the results of operations for KCP&L. Generation fuel mix can change the fuel cost per MWh generated

substantially. Nuclear fuel costs per MWh generated remain substantially less than the cost of coal per MWh generated. Replacement power costs for planned Wolf Creek outages are accrued evenly over the unit's operating cycle. KCP&L expects its cost of nuclear fuel to remain constant through the year 2008. Coal has a significantly lower cost per MWh generated than natural gas and oil. KCP&L's procurement strategies continue to provide delivered coal costs below the regional average. Fossil plants averaged over 75% of total generation and the nuclear plant the remainder over the last three years. The cost per MWh for purchased power is still significantly higher than the fuel cost per MWh of coal and nuclear generation. KCP&L continually evaluates its system requirements, the availability of generating units, availability and cost of fuel supply, availability and cost of purchased power and the requirements of other electric systems to provide reliable power economically.

Fuel expense increased $5.2 million for the three months ended and $8.4 million year to date June 30, 2004, compared to the same periods of 2003, primarily due to an increase in MWhs generated of 10% and 9%, respectively, due mostly to fewer planned and unplanned plant outages than in the 2003 comparative periods.

Purchased power expense increased $1.5 million for the three months ended, but decreased $2.1 million year to date June 30, 2004, compared to the same periods of 2003. The three months ended increase is primarily due to a 20% increase in the average price per MWh driven by increased natural gas prices and increased demand in the market area. The year to date decrease is due to a 14% decrease in MWhs purchased partially offset by an 11% increase in the average price per MWh. The decrease in MWhs purchased is primarily due to a 9% increase in net generation. The partial settlement of Hawthorn No. 5 litigation also reduced purchased power expense by $0.6 million year to date June 30, 2004.

Consolidated KCP&L Other Operating Expenses *(including operating, maintenance and general taxes)*

Consolidated KCP&L's other operating expenses increased $4.9 million for the three months ended June 30, 2004, compared to the same period of 2003 primarily due to the following:

- increased pension expense of $1.3 million primarily due to lower discount rates and the amortization of investment losses from prior years and plan settlement losses,
- increased general taxes of $1.3 million primarily due to increases in assessed property valuations and mill levies, and
- increased transmission and distribution expenses including $0.8 million related to SPP administration and $0.5 million in storm related expenses.

Consolidated KCP&L's other operating expenses increased $9.5 million year to date June 30, 2004, compared to the same period of 2003 primarily due to the following:

- increased pension expense of $1.9 million primarily due to lower discount rates and the amortization of investment losses from prior years and plan settlement losses,

- increased general taxes of $1.5 million primarily due to increases in assessed property valuations and mill levies,

- increased transmission expense including $1.7 million primarily due to increased usage charges as a result of the increased wholesale MWh sales and $1.6 million related to SPP administration, and

- partially offsetting the increases were lower production maintenance expense of $3.2 million primarily due to differences in timing and scope of outages.

Consolidated KCP&L Depreciation
Consolidated KCP&L's depreciation expense increased $1.4 million for the three months ended and $2.4 million year to date June 30, 2004, compared to the same periods of 2003. The increases are primarily due to the consolidation of the Lease Trust, as described in the 2003 Form 10-K, which began in the fourth quarter of 2003.

Wolf Creek
Wolf Creek, a nuclear unit, is 20% of KCP&L's base load generating capacity and 14% of KCP&L's total generating capacity. Wolf Creek's operating performance has remained strong over the last three years, contributing an average of approximately 25% of KCP&L's annual MWh generation while operating at an average capacity of 92%. Wolf Creek has the lowest fuel cost per MWh generated of any of KCP&L's generating units.

KCP&L accrues the incremental operating, maintenance and replacement power costs for planned outages evenly over the unit's operating cycle, normally 18 months. As actual outage expenses are incurred, the refueling liability and related deferred tax asset are reduced. The next outage is scheduled for the spring of 2005 and is estimated to be a 28-day outage.

There has been significant opposition and delays to development of a low-level radioactive waste disposal facility. See Note 12 to the consolidated financial statements for additional information. An inability to complete this project would require KCP&L to write-off its net investment in the project, which was $7.4 million at June 30, 2004. KCP&L, and the other owners of Wolf Creek, could also still be required to participate in development of an alternate site.

Ownership and operation of a nuclear generating unit exposes KCP&L to risks regarding decommissioning costs at the end of the unit's life and to potential retrospective assessments and property losses in excess of insurance coverage. These risks are more fully discussed in the related sections of Note 12 to the consolidated financial statements.

Strategic Energy

Strategic Energy Business Overview
Strategic Energy provides competitive electricity supply services by entering into contracts with its customers to supply electricity. In return, Strategic Energy receives an ongoing management fee, which is included in the contracted sales price for the electricity. Of the states that offer retail choice, Strategic Energy operates in California, Massachusetts, Michigan, New Jersey, New York, Ohio, Pennsylvania and Texas. Strategic Energy is progressing as scheduled with its plans for expansion into Connecticut and Maryland by the end of 2004, as well as expansion into additional utility territories in Ohio. Strategic Energy also provides strategic planning and consulting services in the natural gas and electricity markets.

Great Plains Energy owns just under 100% of the indirect interest in Strategic Energy after IEC's May 6, 2004, purchase of an additional 11.45% indirect interest. The Company paid cash of $90.0 million, including $1.2 million of transaction costs. See Note 9 for additional information about the acquisition.

In the normal course of business, Great Plains Energy provides financial or performance assurance to third parties on behalf of Strategic Energy in the form of guarantees to those third parties. Additionally, Great Plains Energy provides guarantees and indemnities supporting letters of credit and surety bonds obtained by Strategic Energy. These agreements are entered into primarily to support or enhance the

creditworthiness otherwise attributed to Strategic Energy on a stand-alone basis, thereby facilitating the extension of sufficient credit to accomplish Strategic Energy's intended business purposes.

At June 30, 2004, Strategic Energy provided competitive electricity supply to almost 53,000 commercial, institutional and small manufacturing accounts. Strategic Energy's customer base is very diverse. Strategic Energy served almost 7,700 customers, including numerous Fortune 500 companies, smaller companies and governmental entities. Based solely on current signed contracts and expected usage, Strategic Energy has forecasted future MWh commitments (backlog) of 9.8 million for the remainder of 2004, 12.8 million for 2005 and 3.9 million for 2006. Strategic Energy expects to deliver additional MWhs in these years through growth in existing markets and expansion into new markets. Strategic Energy made modest progress on building backlog in the three months ended June 30, 2004, due primarily to the difficult current environment in the competitive supply business. At June 30, 2004, the combination of MWhs delivered and backlog for 2004 was approximately 19.3 million MWhs, compared to 18.1 million MWhs at March 31, 2004. This figure is already within the 2004 target of 19-21 million MWhs delivered. At June 30, 2004, backlog for 2005 was approximately 12.8 million MWh's compared to 12.0 million MWh's at March 31, 2004.

Strategic Energy maintains a commodity-price risk management strategy that uses forward physical energy purchases and derivative instruments to minimize significant, unanticipated earnings fluctuations caused by commodity-price volatility. As a result of supplying electricity to retail customers under fixed rate contracts, Strategic Energy's policy is to match customers' demand with fixed price purchases. Strategic Energy uses derivative instruments to limit the unfavorable effect that price increases will have on electricity purchases. These instruments effectively fix the future purchase price of electricity, protecting Strategic Energy from price volatility.

Strategic Energy Supplier Concentration and Credit Risk

Credit risk represents the loss that Strategic Energy could incur if the counterparty failed to perform under its contractual obligations. To reduce its credit exposure, Strategic Energy enters into payment netting agreements with certain counterparties that permit Strategic Energy to offset receivables and payables with such counterparties. Strategic Energy further reduces credit risk with certain counterparties by entering into agreements that enable Strategic Energy to terminate the transaction or modify collateral thresholds upon the occurrence of credit-related events.

Based on guidelines set by its Exposure Management Committee, Strategic Energy monitors its counterparty credit risk by evaluating the credit quality and performance of its suppliers on a routine basis. Among other things, Strategic Energy monitors counterparty credit ratings, liquidity and results of operations. As a result of these evaluations, Strategic Energy may, among other things, establish counterparty credit limits and adjust the amount of collateral required from its suppliers.

Strategic Energy enters into forward contracts with multiple suppliers. At June 30, 2004, Strategic Energy's five largest suppliers under forward supply contracts represented 67% of the total future committed purchases. Strategic Energy's five largest suppliers, or their guarantors, are rated investment grade. In the event of supplier non-delivery or default, Strategic Energy's results of operations could be affected to the extent the cost of replacement power exceeded the combination of the contracted price with the supplier and the amount of collateral held by Strategic Energy to mitigate its credit risk with the supplier. Strategic Energy's results of operations could also be affected, in a given period, if it was required to make a payment upon termination of a supplier contract to the extent that the contracted price with the supplier exceeded the market value of the contract at the time of termination.

The following table provides information on Strategic Energy's credit exposure, net of collateral, as of June 30, 2004. It further delineates the exposure by the credit rating of counterparties and provides

guidance on the concentration of credit risk and an indication of the maturity of the credit risk by credit rating of the counterparties.

Rating	Exposure Before Credit Collateral	Credit Collateral	Net Exposure	Number Of Counterparties Greater Than 10% Of Net Exposure	Net Exposure Of Counterparties Greater Than 10% of Net Exposure
		(millions)			(millions)
External rating					
Investment Grade	$ 80.9	$ -	$ 80.9	2	$ 55.4
Non-Investment Grade	24.0	22.4	1.6	-	-
Internal rating					
Investment Grade	0.6	-	0.6	-	-
Non-Investment Grade	18.6	18.6	-	-	-
Total	$ 124.1	$ 41.0	$ 83.1	2	$ 55.4

Maturity Of Credit Risk Exposure Before Credit Collateral

Rating	Less Than 2 Years	2 - 5 Years	Exposure Greater Than 5 Years	Total Exposure
		(millions)		
External rating				
Investment Grade	$ 71.6	$ 9.3	$ -	$ 80.9
Non-Investment Grade	15.0	7.7	1.3	24.0
Internal rating				
Investment Grade	0.6	-	-	0.6
Non-Investment Grade	14.8	3.6	0.2	18.6
Total	$102.0	$ 20.6	$ 1.5	$ 124.1

External ratings are determined by using publicly available credit ratings of the counterparty. If a counterparty has provided a guarantee by a higher rated entity, the determination has been based on the rating of its guarantor. Internal ratings are determined by, among other things, an analysis of the counterparty's financial statements and consideration of publicly available credit ratings of the counterparty's parent. Investment grade counterparties are those with a minimum senior unsecured debt Standard & Poor's rating of BBB- or a Moody's rating of Baa3. Exposure before credit collateral has been calculated considering all netting agreements in place, netting accounts payable and receivable exposure with net mark-to-market exposure. Exposure before credit collateral, after consideration of all netting agreements, is impacted significantly by the power supply volume under contract with a given counterparty and the relationship between current market prices and contracted power supply prices. Credit collateral includes the amount of cash deposits, guarantees and letters of credit received from counterparties. Net exposure has only been calculated for those counterparties to which Strategic Energy is exposed and excludes counterparties exposed to Strategic Energy.

Strategic Energy's total exposure before credit collateral at June 30, 2004, increased $78.7 million from December 31, 2003, primarily due to the increase in wholesale electricity prices. At June 30, 2004, Strategic Energy had exposure before collateral to non-investment grade counterparties totaling $42.6 million, of which 70% is scheduled to mature in less than two years. In addition, Strategic Energy held collateral totaling $41.0 million limiting its exposure to these non-investment grade counterparties to $1.6 million.

Strategic Energy is continuing to pursue a strategy of contracting with national and regional counterparties that have direct supplies and assets in the region of demand. Strategic Energy is also continuing to address counterparty issues with strict margining and collateral requirements, netting of credit exposures against payable balances, preferences for higher credit quality counterparties and, in some cases, replacement of lower quality counterparty contracts.

Strategic Energy Results of Operations

The following table summarizes Strategic Energy's comparative results of operations.

	Three Months Ended June 30		Year to Date June 30	
	2004	2003	2004	2003
	(millions)			
Operating revenues	$ 338.5	$ 255.2	$ 633.0	$ 484.4
Purchased power	(307.5)	(226.1)	(571.8)	(426.0)
Other operating expenses	(12.5)	(9.5)	(24.2)	(18.9)
Depreciation	(1.2)	(0.4)	(1.8)	(0.7)
Operating income	17.3	19.2	35.2	38.8
Non-operating income (expenses)	(0.7)	(1.8)	(2.6)	(3.9)
Interest charges	(0.2)	(0.2)	0.3	(0.3)
Income taxes	(7.1)	(7.6)	(14.3)	(15.2)
Net income	$ 9.3	$ 9.6	$ 18.6	$ 19.4

Strategic Energy's net income decreased $0.3 million for the three months ended and $0.8 million year to date June 30, 2004, compared to the same periods of 2003. The decreases are the result of a reduction in gross margins per MWh and increased administrative and general expenses including employee related expenses. Gross margins per MWh (revenues less purchased power divided by MWhs delivered) decreased 18% to $6.20 for the three months ended and 15% to $6.50 year to date, primarily due to the roll-off of older, higher margin contracts, increased competition and the persistent environment of relatively high current and forward natural gas prices. Higher wholesale energy prices have reduced savings available to customers in some markets compared to prevailing utility rates creating more customer price sensitivity and reducing average contract lengths and the rate of backlog growth. A continuing environment of higher and less volatile energy prices and flat to higher forward electricity prices would further impact the average gross margins. Based on Strategic Energy's recent experience in this environment, average margins for new customers would be expected to be in the $3.00-$5.00 range. Due to these factors, Strategic Energy's average gross margin for the year is expected to be at the lower end of the $6.20-$6.50 range by the end of 2004.

Strategic Energy Operating Revenues

Operating revenues from Strategic Energy increased $83.3 million for the three months ended and $148.6 million year to date June 30, 2004, compared to the same periods in 2003, as shown in the following table.

	Three Months Ended June 30		%	Year to Date June 30		%
	2004	2003	Change	2004	2003	Change
	(millions)			(millions)		
Electric - Retail	$ 334.2	$ 249.2	34	$ 623.8	$ 470.7	33
Electric - Wholesale	3.8	5.7	(32)	8.3	13.1	(37)
Other	0.5	0.3	27	0.9	0.6	30
Total Operating Revenues	$ 338.5	$ 255.2	33	$ 633.0	$ 484.4	31

At June 30, 2004, Strategic Energy's customer accounts totaled almost 53,000 a 33% increase from June 30, 2003. Strategic Energy may provide periodic billing credits to its customers resulting from its competitive electricity supply efforts. The amounts credited back to the customer are treated as a reduction of retail electric revenues when determined to be payable.

Retail electric revenues increased $85.0 million for the three months ended and $153.1 million year to date June 30, 2004, compared to the same periods of 2003, due to both increased retail MWhs delivered and increased average retail revenues per MWh. MWhs delivered increased 32% to 5.1 million for the three months

ended and 24% to 9.5 million year to date, compared to 3.8 million and 7.7 million, respectively, for the same periods of 2003. The increased MWh deliveries resulted primarily from strong sales efforts in customer retention as well as signing new customers in new markets in which Strategic Energy continued to experience favorable conditions for growth. Average retail revenues per MWh increased by 2% for the three months ended and 7% year to date, compared to the same periods of 2003, primarily due to a higher underlying electricity price that was impacted by higher natural gas prices. However, several factors can contribute to changes in the average retail price per MWh, including the underlying electricity price, the nature and type of products offered and the mix of sales by geographic market.

Strategic Energy Purchased Power
To supply its retail contracts, Strategic Energy primarily purchases blocks of electricity under forward contracts in fixed quantities at fixed prices from power suppliers based on projected usage. Strategic Energy sells any excess retail supply of electricity back into the wholesale market. The proceeds from the sale of excess supply of electricity are recorded as a reduction of purchased power. The amount of excess retail supply sales that reduced purchased power was $66.6 million for the three months ended and $124.4 million year to date June 30, 2004, compared to $37.3 million and $70.7 million, respectively, for the same periods of 2003.

Strategic Energy utilizes derivatives in the procurement of electricity that, in some cases, are economic hedges, but do not qualify as accounting hedges. Accordingly, changes in the fair value of these derivative instruments are recorded as a component of purchased power. The amounts were insignificant for both periods presented.

As previously discussed, Strategic Energy operates in several retail choice electricity markets. The cost of supplying electricity to retail customers can vary widely by geographic market. This variability can be affected by many factors including, among other items, geographic differences in the cost per MWh of purchased power and capacity charges due to regional purchased power availability and requirements of other electricity providers and differences in transmission charges.

Purchased power expense increased $81.4 million for the three months ended and $145.8 million year to date June 30, 2004, compared to the same periods of 2003. The increases are partially due to higher average prices per retail MWh purchased, which increased by 4% for the three months ended and 10% year to date, compared to the same periods of 2003. The primary reason for the higher average prices per retail MWh is the effect of higher natural gas prices on the wholesale electricity market. Additionally, purchased power expense increased to support increases in MWhs delivered as discussed above.

Strategic Energy Other Operating Expenses
Strategic Energy’s other operating expenses increased $3.0 million for the three months ended and $5.3 million year to date June 30, 2004, compared to the same periods of 2003. Strategic Energy experienced increased labor and benefits expenses as well as other general and administrative expenses, compared to the same periods of 2003. The increases are primarily due to the addition of

employees and higher other general and administrative expenses associated with geographic market expansion, and regulatory and market development initiatives.

Other Non Regulated Activities

Investment in Affordable Housing Limited Partnerships - KLT Investments
KLT Investments Inc.‘s (KLT Investments) earnings for the three months ended June 30, 2004, totaled $3.2 million (including an after tax reduction of $0.9 million in its affordable housing investment) compared to earnings of $3.9 million for the three months ended June 30, 2003 (including an after tax reduction of $0.1 million in its affordable housing investment). KLT Investments’ earnings include accrued tax credits of $4.5 million and $4.8 million for the three months ended June 30, 2004 and 2003, respectively. Earnings year to date June 30, 2004, totaled $6.4 million (including an after tax reduction of $1.7 million in its affordable housing investment) compared to earnings of $6.2 million year to date June 30, 2003 (including an after tax reduction of $1.6 million in its affordable housing investment). KLT Investments’ earnings include accrued tax credits of $9.1 million and $9.5 million year to date June 30, 2004 and 2003, respectively.

At June 30, 2004, KLT Investments had $48.2 million in affordable housing limited partnerships. Approximately 65% of these investments were recorded at cost; the equity method was used for the remainder. Tax expense is reduced in the year tax credits are generated. The investments generate future cash flows from tax credits and tax losses of the partnerships. The investments also generate cash flows from the sales of the properties. For most investments, tax credits are received over ten years. KLT Investments projects declining tax credits to run through 2009. A change in accounting principle relating to investments made after May 19, 1995, requires the use of the equity method when a company owns more than 5% in a limited partnership investment. Of the investments recorded at cost, $30.4 million exceed this 5% level but were made before May 19, 1995. KLT Investments’ management does not anticipate making additional investments in affordable housing limited partnerships at this time.

On a quarterly basis, KLT Investments compares the cost of properties accounted for by the cost method to the total of projected residual value of the properties and remaining tax credits to be received. Estimated residual values are based on studies performed by an independent firm. Based on the latest comparison, KLT Investments reduced its investments in affordable housing limited partnerships by $1.4 million and $2.7 million for the three months ended and year to date June 30, 2004, respectively, compared to $0.2 million and $2.5 million for the three months ended and year to date June 30, 2003, respectively. Pretax reductions in affordable housing investments are estimated to be $5 million, $10 million and $3 million for the remainder of 2004, 2005 and 2006, respectively. These projections are based on the latest information available but the ultimate amount and timing of actual reductions could be significantly different from the above estimates. The properties underlying the partnership investment are subject to certain risks inherent in real estate ownership and management. Even after these estimated reductions, earnings from the investments in affordable housing are expected to be positive for the years 2004 through 2006.

DTI Bankruptcy
On December 31, 2001, a subsidiary of KLT Telecom, DTI Holdings, Inc. and its subsidiaries, Digital Teleport, Inc. and Digital Teleport of Virginia, Inc., filed separate voluntary petitions in the Bankruptcy Court for the Eastern District of Missouri for reorganization under Chapter 11 of the U.S. Bankruptcy Code, which cases have been procedurally consolidated. DTI Holdings and its two subsidiaries are collectively called “DTI”.

In December 2002, Digital Teleport entered into an agreement to sell substantially all of its assets (Asset Sale) to CenturyTel Fiber Company II, LLC, a nominee of CenturyTel, Inc. The Asset Sale was approved by the Bankruptcy Court on February 13, 2003, and closed on June 6, 2003.

The Company recorded a net gain of $25.9 million or $0.37 per share during the three months ended June 30, 2003, related to the DTI bankruptcy. The impact on three months ended and year to date June 30, 2003, net income was primarily due to the net effect of the Chapter 11 plan confirmation and the resulting distribution, the reversal of a $15.8 million tax valuation allowance, and the reversal of $5 million debtor in possession financing previously reserved.

Note 9 to the consolidated financial statements in the companies' 2003 Form 10-K should be read for further discussion of the DTI bankruptcy.

Discontinued Operations (KLT Gas)

KLT Gas Business Overview, Plan to Exit the Gas Exploration and Development Business and Results of Operations
In February 2004, the Great Plains Energy Board of Directors approved management's recommendation to sell the KLT Gas portfolio and exit the gas business. The Company evaluated this business and determined the amount of capital and the length of time required for development of reserves and production, combined with the earnings volatility of the exploration process, are no longer compatible with the Company's strategic vision. Management continues to operate the KLT Gas portfolio during the sale process, which it expects to complete during 2004.

Discontinued operations (KLT Gas) year to date June 30, 2004, reflects a loss of $2.0 million. This loss includes a $1.9 million write down of the KLT Gas portfolio to its estimated net realizable value, which reduced earnings by $1.2 million, and a loss of $1.8 million from the wind down operations, which reduced earnings by $0.8 million. Year to date June 30, 2003, loss of $6.9 million includes an impairment of $9.0 million on a Rocky Mountain project, which reduced earnings by $5.5 million. This impairment was in response to lower revised estimates of future gas production from that property.

Management expects to incur losses during the remainder of 2004 to operate KLT Gas while it markets the KLT Gas portfolio for sale. Management estimates the remaining losses to operate KLT Gas will not be material to the Company's 2004 earnings. The after tax losses will be reflected as a loss from discontinued operations in Great Plains Energy's consolidated statements of income in the periods incurred. The ultimate impact to Great Plains Energy's consolidated statements of income for 2004 will be different than the estimates to the extent costs to operate deviate from the budget and/or the timing of the KLT Gas portfolio sale deviates from December 31, 2004.

To the extent actual proceeds from the sale of the KLT Gas portfolio differ from the estimated net realizable value used to determine the write down discussed above, any difference will be reflected by Great Plains Energy on its consolidated statement of income at that time.

In early August 2004, KLT Gas completed the sale of certain of the KLT Gas portfolio assets located in Wyoming, Colorado, Kansas and Nebraska for approximately $14 million. The after tax gain on disposition of these assets after consideration of transaction costs and asset retirement obligations assumed by the buyer is approximately $5 million or $0.07 per share. Management continues the bid evaluation and the marketing and sales process on the remainder of the KLT Gas portfolio assets, and expects to complete sales transactions on the remainder of the KLT Gas portfolio assets by the end of 2004.

On July 28, 2004, KLT Gas received a Notice and Demand for Arbitration Pursuant to Joint Operating Agreement from SWEPI LP (d/b/a Shell Western E&P and f/k/a Shell Western E&P Inc.) (Shell). KLT Gas has a 50% working interest in certain oil and gas leases in Duval County, Texas; Shell holds the other 50% working interest and is the operator of the properties under a joint operating agreement, as amended (JOA). Three groups of current or past lessors filed suit against Shell in Duval County, Texas, alleging various claims against Shell. Additionally, Shell has been party to ongoing proceedings before the Texas Railroad Commission relating to a well drilled on acreage adjacent to the properties of Shell and KLT Gas mentioned above. Through arbitration, Shell is seeking recovery from KLT Gas of 50% of the fees and costs incurred in the three lawsuits and the Texas Railroad Commission proceedings and settlement proceeds paid with respect to the three lawsuits, which Shell asserts is a total amount of not less than $5.4 million for KLT Gas' share. Shell is also seeking a declaration that the fees and costs incurred and settlement proceeds paid, including any fees and costs incurred in the future, are reimbursable expenses under the JOA and that Shell, among other things, may recoup such expenses, if necessary, from KLT Gas' production proceeds earned on properties covered by the JOA. Shell is seeking a ruling compelling KLT Gas to pay Shell immediately all sums deemed to be due pursuant to the arbitration. KLT Gas and its counsel continue to evaluate KLT Gas' rights and obligations under the JOA as well as possible counterclaims that KLT Gas may have against Shell; however, it is too early to predict the ultimate outcome of this demand for arbitration.

Great Plains Energy and Consolidated KCP&L

Significant Balance Sheet Changes
June 30, 2004 compared to December 31, 2003

- Great Plains Energy's receivables increased $7.5 million due to a $27.0 million increase in Strategic Energy's receivables primarily due to the combination of increased MWh sales due to seasonality and increased average revenues per MWh sold offset by a $19.7 million decrease in consolidated KCP&L's receivables. Consolidated KCP&L's receivables decreased primarily due to KCP&L's receipt of $30.8 million for the Hawthorn No. 5 insurance recovery offset by seasonal increases due to summer rates and higher usage.

- Great Plains Energy's other current assets increased $35.4 million primarily due to $19.0 million and $10.2 million increases in Strategic Energy's deposits with suppliers and fair value of derivatives, respectively, as a result of increased market prices for power. Consolidated KCP&L's other current assets increased $6.1 million due to increased prepayments for capacity contracts, insurance premiums and maintenance contracts.

- Great Plains Energy's goodwill increased by $60.6 million due to the purchase of the additional indirect interest in Strategic Energy in May 2004.

- Great Plains Energy's other deferred charges increased $44.4 million primarily due to the $43.6 million intangible assets, net of amortization, recorded as a result of the purchase of the additional indirect interest in Strategic Energy in May 2004.

- Great Plains Energy's notes payables decreased $70.0 million due to repayments of $164.0 million in short-term borrowings offset by $94.0 million in additional short-term borrowings primarily to purchase the additional indirect interest in Strategic Energy in May 2004.

- Great Plains Energy's current maturities of long-term debt increased $153.0 million primarily due to a $154.6 million increase in consolidated KCP&L's current maturities of long-term debt. Consolidated KCP&L's current maturities of long-term debt increased due to the July 2004 redemption of KCP&L's $154.6 million 8.3% Junior Subordinated Deferred Interest Bonds.

- Great Plains Energy's accounts payable increased $19.9 million primarily due to a $21.5 million increase in Strategic Energy's accounts payable due to increased power purchases for the start of the summer season and increased market prices for power.

- Great Plains Energy's accrued taxes increased $23.1 million primarily due to a $13.3 million increase in consolidated KCP&L's property tax accrual. The remaining increase was primarily the result of the accrual of 2004 income taxes offset by the payment of 2003 income taxes accrued at December 31, 2003.

- Great Plains Energy's accrued payroll and vacations decreased $11.0 million primarily due to the 2004 payout of employee related expenses accrued at December 31, 2003.

- Great Plains Energy's other current liabilities decreased $1.5 million due to the payout of amounts accrued at December 31, 2003, mostly offset by the $5.6 million current portion of the FELINE PRIDES purchase contract adjustment.

- Great Plains Energy's other deferred credits and liabilities increased $22.4 million primarily due to the $24.6 million intangible liability, net of amortization, recorded as a result of the purchase of the additional indirect interest in Strategic Energy in May 2004, partially offset by a $3.1 million decrease in consolidated KCP&L's other deferred credits and liabilities. Consolidated KCP&L's other deferred credits and liabilities decreased primarily due to a $2.1 million decrease in minority interest, which was primarily the result of losses at KCP&L's Lease Trust.

- Great Plains Energy's common stock increased $150.0 million due to the issuance of five million shares of common stock in June 2004. Consolidated KCP&L's common stock increased $150.0 million due to an equity contribution from Great Plains Energy.

- Great Plains Energy's capital stock premium and expense increased $25.2 million primarily due to recording $19.6 million related to the FELINE PRIDES purchase contract adjustment, allocated fees and expenses and $5.6 million of common stock issuance costs.

- Great Plains Energy's accumulated other comprehensive loss decreased $8.1 million primarily due to the increase in the fair value of Strategic Energy's derivatives as a result of increased market prices for power.

- Great Plains Energy's long-term debt increased $5.0 million primarily due to Great Plains Energy's issuance of $163.6 million of FELINE PRIDES senior notes mostly offset by a $156.2 million decrease in consolidated KCP&L's long-term debt. Consolidated KCP&L's long-term debt decreased primarily due to the July 2004 redemption of KCP&L's $154.6 million 8.3% Junior Subordinated Deferred Interest Bonds, which caused the bonds to be classified as current maturities.

Capital Requirements and Liquidity

Great Plains Energy operates through its subsidiaries and has no material assets other than the stock of its subsidiaries. Great Plains Energy's ability to make payments on its debt securities and its ability to pay dividends is dependent on its receipt of dividends or other distributions from its subsidiaries and proceeds from the sale of its securities.

Great Plains Energy's capital requirements are principally comprised of KCP&L's utility construction and other capital expenditures, debt maturities, the pension benefit plan funding requirements discussed below and credit support provided to Strategic Energy. Additional cash and capital requirements for the companies are discussed below.

Great Plains Energy's liquid resources at June 30, 2004, included cash flows from operations of subsidiaries, $249.6 million of cash and cash equivalents on hand and $452.0 million of unused bank lines of credit. The unused lines consisted of $150.0 million from KCP&L's short-term bank lines of credit, $49.5 million from Strategic Energy's revolving credit facility, and $252.5 million from Great Plains Energy's revolving credit facilities. See the Debt Agreements section below for more information on these agreements. On July 21, 2004, KCP&L paid $155.4 million in cash to pay down long-term debt, including interest, discussed below.

Cash Flows From Operations

Great Plains Energy and consolidated KCP&L generated positive cash flows from operating activities for the periods presented. The decrease in cash flows from operating activities for Great Plains Energy year to date June 30, 2004, compared to the same period in 2003 was primarily due to a $13.5 million increase in deposits with suppliers. Also contributing was a $10.1 million decrease in income from continuing operations primarily due to a $25.9 million net gain related to the DTI bankruptcy recorded during 2003, partially offset by an $18.5 million increase in consolidated KCP&L's income from continuing operations. Consolidated KCP&L's cash flows from operations increased year to date June 30, 2004, compared to the same period in 2003 primarily due to the $18.5 million increase in income from continuing operations and the changes in working capital detailed in Note 4 to the consolidated financial statements.

Investing Activities

Great Plains Energy's and consolidated KCP&L's cash used for investing activities varies with the timing of utility capital expenditures and purchases of investments and nonutility property. Investing activities are offset by the proceeds from the sale of properties and insurance recoveries. Great Plains Energy's and consolidated KCP&L's utility capital expenditures increased $24.3 million year to date June 30, 2004, compared to the same period in 2003 primarily due to the buyout of KCP&L's operating lease for vehicles and heavy equipment in the first quarter of 2004 for $28.4 million. This increase was more than offset by an additional $27.7 million in insurance recoveries and litigation settlements related to Hawthorn No. 5. Additionally, Great Plains Energy paid $90.0 million to acquire an additional indirect interest in Strategic Energy during May 2004.

Financing Activities
The change in Great Plains Energy's cash flows from financing activities year to date June 30, 2004, compared to the same period in 2003 reflects Great Plains Energy's June 2004 proceeds of $150.0 million from the issuance of five million shares of common stock at $30 per share and $163.6 million from the issuance of FELINE PRIDES. Fees related to these issuances were $10.2 million. Great Plains Energy used the proceeds to repay short-term borrowings and to make a $150.0 million equity contribution to KCP&L. In July 2004, KCP&L redeemed the $154.6 million 8.3% Junior Subordinated Deferred Interest Bonds. KCP&L Financing I used those proceeds to redeem the $150.0 million of 8.3% Trust Preferred Securities and liquidate the $4.6 million common securities held by KCP&L. See Note 6 for additional information.

Consolidated KCP&L's cash flows from financing activities year to date June 30, 2003, reflects the first quarter 2003 equity infusion of $100.0 million from Great Plains Energy to KCP&L and KCP&L's subsequent redemption of $104.0 million of medium-term notes. Great Plains Energy essentially funded the infusion with proceeds from its $151.8 million common stock offering in late 2002; however, prior to the infusion, Great Plains Energy used the offering proceeds to repay short-term borrowings in late 2002 and then re-borrowed in early 2003 to make the equity infusion into KCP&L at the time of redemption. An additional $20.0 million of KCP&L's medium term notes were retired during the second quarter of 2003.

KCP&L expects to meet day-to-day operating requirements including interest payments, construction requirements (excluding new generating capacity and environmental compliance on existing generating units) and dividends to Great Plains Energy with internally generated funds. However, it might not be able to meet these requirements with internally generated funds because of the effect of inflation on operating expenses, the level of MWh sales, regulatory actions, compliance with future environmental regulations and the availability of generating units. The funds Great Plains Energy and consolidated KCP&L need to retire maturing debt will be provided from operations, the issuance of long and short-term debt and/or the issuance of equity or equity-linked instruments. In addition, the Company may issue debt, equity and/or equity-linked instruments to finance growth or take advantage of new opportunities.

Strategic Energy expects to meet day-to-day operating requirements including interest payments, credit support fees, capital expenditures and dividends to its indirect interest holders with internally generated funds. However, it might not be able to meet these requirements with internally generated funds because of the effect of inflation on operating expenses, the level of MWh sales, commodity-price volatility and the effects of counterparty non-performance.

Great Plains Energy filed a registration statement, which became effective in April 2004, for the issuance of an aggregate amount up to $500.0 million of any combination of senior debt securities, subordinated debt securities, trust preferred securities and related guarantees, common stock, warrants, stock purchase contracts or stock purchase units. The prospectus filed with this registration statement also included $148.2 million of securities remaining available to be offered under a prior registration statement providing for an aggregate amount of availability of $648.2 million. In June 2004, Great Plains Energy issued $150.0 million of common stock and $163.6 million of FELINE PRIDES. After these issuances, $171.0 million remains available under this registration statement, which reflects the effect of the $163.6 million stock purchase contract component of FELINE PRIDES.

As a registered public utility holding company, Great Plains Energy must receive authorization from the SEC under the 35 Act to issue securities. Great Plains Energy is currently authorized to issue up to $1.2 billion of debt and equity through December 31, 2005. Great Plains Energy has utilized $977.9 million of this amount of this amount, which is a $477.2 million increase from the December 31, 2003, amount of $500.7 million due to the $150.0 million common stock issuance and the $163.6 million of FELINE PRIDES (with a $163.6 million stock purchase contract component) in June 2004.

Under its current SEC authorization, Great Plains Energy cannot issue securities other than common stock unless (i) the security to be issued, if rated, is rated investment grade by one nationally recognized statistical rating organization, (ii) all of its outstanding securities that are rated (except for its preferred stock) are rated investment grade, and (iii) it has maintained common equity as a percentage of consolidated capitalization (as reflected on its consolidated balance sheets as of the end of each quarter) of at least 30%. Great Plains Energy was in compliance with these conditions as of June 30, 2004.

KCP&L may issue equity and long-term debt only with the authorization of the Missouri Public Service Commission (MPSC). In June 2004, the MPSC authorized KCP&L to issue up to $600 million of long-term debt through March 31, 2006. The authorization contains the following conditions, among others: (i) no more than $150.0 million of the authorized debt can be used for purposes other than refinancing existing securities and (ii) the proceeds of the authorized debt must be used exclusively for the benefit of KCP&L's regulated operations.

Issuances of short-term debt by KCP&L are subject to SEC authorization under the 35 Act. Under the current authorization, KCP&L may issue and have outstanding at any one time up to $500 million of short-term debt. Under this authorization, KCP&L cannot issue short term debt (other than commercial

paper or short-term bank facilities) unless (i) the short-term debt to be issued, if rated, is rated investment grade by one nationally recognized statistical rating organization, (ii) all of its outstanding securities that are rated are rated investment grade, (iii) all of the outstanding rated securities of Great Plains Energy (except preferred stock) are rated investment grade, and (iv) Great Plains Energy and KCP&L have maintained common equity as a percentage of consolidated capitalization (as reflected on their consolidated balance sheets as of the end of each quarter) of at least 30%. KCP&L was in compliance with these conditions as of June 30, 2004.

KCP&L has entered into a revolving agreement, which expires in October 2004, to sell all of its right, title and interest in the majority of its customer accounts receivable to Receivables Company, which in turn sells most of the receivables to outside investors. KCP&L expects the agreement to be renewed annually. See Note 5 to the consolidated financial statements.

Debt Agreements
During the first quarter of 2004, Great Plains Energy syndicated a $150.0 million 364-day revolving credit facility and a $150.0 million three-year revolving credit facility with a group of banks. These facilities replaced a $225.0 million revolving credit facility with a group of banks. The existing facilities contain a Material Adverse Change (MAC) clause that requires Great Plains Energy to represent, prior to receiving funding, that no MAC has occurred. The clause does,

however, permit the Company to access the facility even in the event of a MAC in order to repay maturing commercial paper. Available liquidity under this facility is not impacted by a decline in credit ratings unless the downgrade occurs in the context of a merger, consolidation or sale. A default by Great Plains Energy or any of its significant subsidiaries of other indebtedness totaling more than $25.0 million is a default under these bank lines. Under the terms of these agreements, Great Plains Energy is required to maintain a consolidated indebtedness to consolidated capitalization ratio not greater than 0.65 to 1.0 at all times and an interest coverage ratio greater than 2.25 to 1.0, as those ratios are defined in the agreement. At June 30, 2004, the Company was in compliance with these covenants. At June 30, 2004, Great Plains Energy had $17.0 million of outstanding borrowings with a weighted-average interest rate of 4.0% under the 364-day revolving credit facility. Additionally, Great Plains Energy had issued letters of credit totaling $25.0 million under the 364-day revolving credit facility and $5.5 million under the three-year revolving credit facility as credit support for Strategic Energy.

Through June 30, 2004, Strategic Energy maintained a secured revolving credit facility for up to $95 million with a group of banks. This facility was partially guaranteed by Great Plains Energy. The maximum amount available for loans and letters of credit under the facility was the lesser of $95 million or the borrowing base, as defined in the agreement. The borrowing base generally was the sum of certain Strategic Energy accounts receivable and the amount of the Great Plains Energy guarantee which was $40.0 million at June 30, 2004. At June 30, 2004, $45.5 million in letters of credit had been issued and there were no borrowings under the agreement, leaving $49.5 million of capacity available for loans and additional letters of credit. The facility contained a MAC clause that required Strategic Energy to represent, prior to receiving funding, that no MAC had occurred. A default by Strategic Energy of other indebtedness, as defined in the facility, totaling more than $5.0 million was a default under the facility. Under the terms of this agreement, Strategic Energy was required to maintain a minimum net worth of $30 million, a maximum debt to EBITDA ratio of 2.0 to 1.0 and a minimum fixed charge ratio of at least 1.05 to 1.0 as those were defined in the agreement. At June 30, 2004, Strategic Energy was in compliance with these covenants. This facility was replaced with a new $125 million three-year revolving credit facility with a group of banks on July 2, 2004.

Great Plains Energy has guaranteed $25.0 million of the new $125.0 million facility. The $125.0 million facility contains a MAC clause that requires Strategic Energy to represent, prior to receiving funding, that no MAC has occurred. A default by Strategic Energy of other indebtedness, as defined in the facility, totaling more than $7.5 million is a default under the facility. Under the terms of this agreement,

Strategic Energy is required to maintain a minimum net worth of $62.5 million, a maximum funded indebtedness to EBITDA ratio of 2.25 to 1.00, a minimum fixed charge coverage ratio of at least 1.05 to 1.00 and a minimum debt service coverage ratio of at least 4.00 to 1.00 as those are defined in the agreement. In the event of a breach of one or more of these four covenants, so long as no other default has occurred, Great Plains Energy may cure the breach through a cash infusion, a guarantee increase or a combination of the two.

KCP&L's primary sources of liquidity are cash flows from operations and bilateral credit lines totaling $150.0 million with seven banks (as of June 30, 2004). KCP&L uses these lines to provide support for its issuance of commercial paper. These bank facilities are each for a 364-day term and mature at various times throughout the year. The facilities can be extended for one year under their term out provisions. KCP&L has MAC clauses in three agreements covering $70.0 million of available bilateral credit lines. These three facilities require KCP&L to represent, prior to receiving funding, that no MAC has occurred. Under these agreements, KCP&L is able to access the facilities even in the event of a MAC in order to redeem maturing commercial paper. KCP&L's available liquidity under these facilities is not impacted by a decline in credit ratings unless the downgrade occurs in the context of a merger, consolidation or sale. A default by KCP&L on other indebtedness is a default under these bank line agreements. Under the terms of certain bank line agreements, KCP&L is required to maintain a consolidated indebtedness to consolidated capitalization ratio, as defined in the agreements, not greater than 0.65 to 1.0 at all times. At June 30, 2004, KCP&L was in compliance with these covenants and KCP&L had no outstanding borrowings under these lines.

Great Plains Energy has agreements with KLT Investments associated with notes KLT Investments issued to acquire its affordable housing investments. Great Plains Energy has agreed not to take certain actions including, but not limited to, merging, dissolving or causing the dissolution of KLT Investments, or withdrawing amounts from KLT Investments if the withdrawals would result in KLT Investments not being in compliance with minimum net worth and cash balance requirements. The agreements also give KLT Investments' lenders the right to have KLT Investments repurchase the notes if Great Plains Energy's senior debt rating falls below investment grade, or if Great Plains Energy ceases to own at least 80% of KCP&L's stock. At June 30, 2004, KLT Investments had $6.4 million in outstanding notes, including current maturities.

Under stipulations with the MPSC and the State Corporation Commission of the State of Kansas, Great Plains Energy and KCP&L maintain common equity at not less than 30% and 35%, respectively, of total capitalization. Pursuant to an SEC order, Great Plains Energy's and KCP&L's authorization to issue securities is conditioned on maintaining a consolidated common equity capitalization of at least 30% and complying with other conditions described above.

Pensions

The Company maintains defined benefit plans for substantially all of its employees of KCP&L, Services and WCNOC and incurs significant costs in providing the plans, with the majority incurred by KCP&L. At a minimum, plans are funded on an actuarial basis to provide assets sufficient to meet benefits to be paid to plan participants consistent with the funding requirements of the Employment Retirement Income Security Act of 1974 (ERISA) and further contributions may be made when deemed financially advantageous.

After consideration of additional funding made in 2003, KCP&L is required to contribute $4.2 million during 2004 to meet the minimum funding requirements of ERISA, of which $1.5 million has been funded by KCP&L. Management believes the Company has adequate access to capital resources through cash flows from operations or through existing lines of credit to support the remaining required funding.

Participants in the plans may request a lump-sum cash payment upon termination of their employment. A change in payment assumptions could result in increased cash requirements from pension plan assets with the Company being required to accelerate future funding.

Under the terms of the pension plans, the Company reserves the right to amend or terminate the plans, and from time to time benefits have changed.

Supplemental Capital Requirements and Liquidity Information
Great Plains Energy's long-term debt at June 30, 2004, compared to December 31, 2003, increased $163.6 million due to the issuance of FELINE PRIDES. Additionally, Great Plains Energy has a contractual obligation for the $15.4 million present value of the contract adjustment payments related to the FELINE PRIDES. Consolidated KCP&L's contractual obligations were relatively unchanged at June 30, 2004, compared to December 31, 2003.

Off-Balance Sheet Arrangements
In the normal course of business, Great Plains Energy and certain of its subsidiaries enter into various agreements providing financial or performance assurance to third parties on behalf of certain subsidiaries. Such agreements include, for example, guarantees, stand-by letters of credit and surety bonds. These agreements are entered into primarily to support or enhance the creditworthiness otherwise attributed to a subsidiary on a stand-alone basis, thereby facilitating the extension of sufficient credit to accomplish the subsidiaries' intended business purposes.

As a registered public utility holding company system, Great Plains Energy must receive authorization from the SEC, under the 35 Act, to issue guarantees on behalf of its subsidiaries. Under its current SEC authorization, guarantees cannot be issued unless (i) all of its outstanding securities that are rated (except for its preferred stock) are rated investment grade and (ii) it has maintained common equity as a percentage of consolidated capitalization (as reflected on its consolidated balance sheets as of the end of each quarter) of at least 30%. Great Plains Energy was in compliance with these conditions as of June 30, 2004. Great Plains Energy is currently authorized to issue up to $600 million for guarantees on behalf of its subsidiaries and the nonutility subsidiaries have $300 million of authorization for guarantees they can issue on behalf of other nonutility subsidiaries. The nonutility subsidiaries cannot issue guarantees unless Great Plains Energy is in compliance with its conditions to issue guarantees. Great Plains Energy's and consolidated KCP&L's guarantees were relatively unchanged at June 30, 2004, compared to December 31, 2003.

KCPL Financing I, a trust, has issued $150.0 million of preferred securities. In connection with the issuance of the preferred securities, KCP&L issued a preferred securities guarantee, which guarantees the payment of any accrued and unpaid distributions, the redemption price and payments upon dissolution, winding-up or termination of the trust, all to the extent that the trust has funds available therefore. KCPL Financing I redeemed the $150.0 million of preferred securities in July 2004. There were no accrued and unpaid distributions at that time.

Environmental Matters
The Company is subject to regulation by federal, state and local authorities with regard to air and other environmental matters primarily through KCP&L's operations. The generation, transmission and distribution of electricity produces and requires disposal of certain hazardous products, which are subject to these laws and regulations. In addition to imposing continuing compliance obligations, these laws and regulations authorize the imposition of substantial penalties for noncompliance, including fines, injunctive relief and other sanctions. Failure to comply with these laws and regulations could have a material adverse effect on Great Plains Energy and consolidated KCP&L.

KCP&L operates in an environmentally responsible manner and seeks to use current technology to avoid and treat contamination. KCP&L regularly conducts environmental audits designed to ensure compliance with governmental regulations and to detect contamination. Governmental bodies; however, may impose additional or more restrictive environmental regulations that could require substantial changes to operations or facilities at a significant cost. See Note 12 to the consolidated financial statements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Great Plains Energy and consolidated KCP&L are exposed to market risks associated with commodity price and supply, interest rates and equity prices. Market risks are handled in accordance with established policies, which may include entering into various derivative transactions. In the normal course of business, Great Plains Energy and consolidated KCP&L also face risks that are either non-financial or non-quantifiable. Such risks principally include business, legal, operational and credit risks and are not represented in the following analysis.

Great Plains Energy and consolidated KCP&L interim period disclosures about market risk included in quarterly reports on Form 10-Q address material changes, if any from the most recently filed annual report on Form 10-K. Therefore, these interim period disclosures should be read in connection with Item 7A. Quantitative and Qualitative Disclosures About Market Risk, included in our 2003 Form 10-K, incorporated herein by reference. There have been no material changes in Great Plains Energy's or consolidated KCP&L's market risk since December 31, 2003.

ITEM 4. CONTROLS AND PROCEDURES

Great Plains Energy and KCP&L carried out evaluations of their disclosure controls and procedures (as defined in Rules 13a-15(e) or 15d-15(e) under the Securities Exchange Act of 1934, as amended). These evaluations were conducted under the supervision, and with the participation, of each company's management, including the chief executive officer and chief financial officer of each company and the companies' disclosure committee.

Based upon these evaluations, the chief executive officer and chief financial officer of Great Plains Energy and KCP&L, respectively, have concluded as of the end of the period covered by this report that the disclosure controls and procedures of Great Plains Energy and KCP&L are functioning effectively to provide reasonable assurance that the information required to be disclosed by the respective companies in the reports that they file or submit under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms.

There has been no change in Great Plains Energy's or KCP&L's internal control over financial reporting that occurred during the quarterly period ended June 30, 2004, that has materially affected, or is reasonably likely to materially affect, those companies' internal control over financial reporting.

Part II – Other Information

ITEM 1. LEGAL PROCEEDINGS

Hawthorn No. 5 Litigation

KCP&L filed suit against National Union Fire Insurance Company of Pittsburgh, Pennsylvania (National Union) and Travelers Indemnity Company of Illinois (Travelers) in Missouri state court on June 14, 2002, which was removed to the U.S. District Court for the Western District of Missouri. In 1999, there was a boiler explosion at KCP&L Hawthorn No. 5 generating unit, which was subsequently reconstructed and returned to service. National Union and Reliance National Insurance Company (Reliance), primary carriers, had issued a $200 million primary insurance policy and Travelers had issued a $100 million secondary insurance policy covering Hawthorn No. 5. A dispute arose between KCP&L and these two insurance companies regarding the amount payable under these insurance policies for the reconstruction of Hawthorn No. 5 and replacement power expenses, and KCP&L filed suit against the carriers. Prior to the second quarter, National Union and Reliance had collectively paid approximately $169 million under their primary insurance policy. In the second quarter, KCP&L received an additional $30.8 million from National Union, representing the remaining amount of the primary insurance policy less the deductible. National Union and Reliance have subrogation rights in the litigation described in the next paragraph. The case continues against Travelers for the remaining $85 million of KCP&L's current proof of loss of approximately $285 million. Trial of this case is scheduled to begin in January 2005.

KCP&L also filed suit on April 3, 2001, in Jackson County, Missouri Circuit Court against multiple defendants who are alleged to have responsibility for the Hawthorn No. 5 boiler explosion. KCP&L and National Union have entered into a subrogation allocation agreement under which recoveries in this suit are generally allocated 55% to National Union and 45% to KCP&L. Certain defendants have been dismissed from the suit and various other defendants have settled with KCP&L, resulting in KCP&L receiving $35.8 million under the terms of the subrogation allocation agreement. Trial of this case with the one remaining defendant resulted in a March 2004 jury verdict finding KCP&L's damages as a result of the explosion were $452 million. After deduction of amounts received from pre-trial settlements with other defendants and an amount for KCP&L's comparative fault (as determined by the jury), the verdict would have resulted in an award against the defendant of approximately $97.6 million (of which KCP&L would have received $33 million pursuant to the subrogation allocation agreement after attorney's fees). In response to post-trial pleadings filed by the defendant, in May 2004 the trial judge reduced the award against the defendant to $0.2 million. KCP&L has filed a motion to amend or vacate this order.

Hawthorn No. 5 Notice of Violation

On April 15, 2004, the EPA issued to KCP&L a notice of violation of Hawthorn No. 5 permit limits on SO_2 emissions. SO_2 emissions from Hawthorn No. 5 exceeded the applicable thirty-day rolling average emission limit on certain days in the third and fourth quarters of 2003 and also exceeded the applicable 24-hour emission limit on one day in the fourth quarter of 2003. Equipment issues that caused these violations are being addressed by KCP&L. KCP&L management does not expect the cost of correcting the equipment issues or resolving this matter with the EPA to be material to its financial statements.

ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS

Purchases of Great Plains Energy common stock were made during the quarter by or for the Great Plains Energy Incorporated Long-Term Incentive Plan, which is an equity compensation plan approved by the shareholders providing for grants by the Compensation Committee of the Board of Directors of stock options, restricted stock, performance shares and other stock-based awards.

The following table provides information regarding these purchases of Great Plains Energy common stock during the quarter.

Issuer Purchases of Equity Securities

Month	Total Number of Shares (or Units) Purchased	Average Price Paid per Share (or Unit)	Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs (1)
April 1 - 30	-	-	-	2,239,822
May 1 - 31	-	-	-	2,239,822
June 1 - 30	7,000	30.38	7,000	2,236,362
Total	7,000	30.38	7,000	

(1) The Great Plains Energy Long-Term Incentive Plan became effective on May 5, 1992. The aggregate number of shares of common stock available for awards under this plan is not more than three million. Awards may be granted under this plan until May 5, 2012. The shares in this column represent the aggregate number of securities remaining available for future issuance under the Great Plains Energy Long-Term Incentive Plan.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

There are no matters reportable under this Item 3 for the quarter.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

Great Plains Energy

Great Plains Energy's annual meeting of shareholders was held on May 4, 2004. The shareholders elected eleven directors and ratified the appointment of Deloitte & Touche LLP as independent auditors.

Election of Directors

Great Plains Energy's board of directors consists of eleven directors, who are elected annually. The eleven persons named below were elected, as proposed in the proxy statement pursuant to Regulation 14A of the Securities Exchange Act of 1934, as amended, to serve as directors until Great Plains Energy's annual meeting in 2005 and until their successors are elected and qualified.

Nominee	Votes For	Votes Withheld	Total Votes*
David L. Bodde	60,141,149	648,327	60,789,476
Michael J. Chesser	60,240,057	648,327	60,888,384
William H. Downey	60,399,670	648,327	61,047,997
Mark A. Ernst	60,145,968	648,327	60,794,295
Randall C. Ferguson, Jr	60,125,136	648,327	60,773,463
William K. Hall	60,312,904	648,327	60,961,231
Luis A Jimenez	60,475,544	648,327	61,123,871
James A. Mitchell	60,445,057	648,327	61,093,384
William C. Nelson	60,068,721	648,327	60,717,048
Linda H. Talbot	60,352,730	648,327	61,001,057
Robert H. West	59,816,145	648,327	60,464,472

* No votes were cast against the nominees due to cumulative voting.

Ratification of Independent Auditors

Great Plains Energy shareholders ratified the appointment of Deloitte & Touche LLP as independent auditors for 2004. The voting regarding the appointment of auditors was as follows:

	Votes For	Votes Against	Abstentions	Total Votes
Deloitte & Touche LLP	59,778,413	787,725	311,560	60,877,698

KCP&L

KCP&L's board of directors consists of eleven directors, who are elected annually. Great Plains Energy is KCP&L's sole shareholder. By a unanimous written consent dated as of May 4, 2004, Great Plains Energy, as the sole shareholder, elected the eleven directors of Great Plains Energy as the directors of KCP&L for the ensuing year and until their successors are duly elected and qualified, or until their resignations.

ITEM 5. OTHER INFORMATION.

None.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

EXHIBITS

Great Plains Energy Documents

Exhibit
Number Description of Document

4.1 * Purchase Contract Agreement, dated June 14, 2004, between Great Plains Energy Incorporated and BNY Midwest Trust Company, as Purchase Contract Agent (Exhibit 4.1 to Form 8-A/A, dated June 14, 2004).

4.2 * Pledge Agreement, dated June 14, 2004, between Great Plains Energy Incorporated and BNY Midwest Trust Company, as Collateral Agent, Custodial Agent and Securities Intermediary and BNY Midwest

Trust Company, as Purchase Contract Agent (Exhibit 4.2 to Form 8-A/A, dated June 14, 2004).

4.3 * Remarketing Agreement, dated June 14, 2004, among Great Plains Energy Incorporated, BNY Midwest Trust Company, as Purchase Contract Agent, and the Remarketing Agent named therein (Exhibit 4.3 to Form 8-A/A, dated June 14, 2004).

4.4 * Indenture, dated June 1, 2004, between Great Plains Energy Incorporated and BNY Midwest Trust Company, as Trustee (Exhibit 4.4 to Form 8-A/A, dated June 14, 2004).

4.5 * First Supplemental Indenture, dated June 14, 2004, between Great Plains Energy Incorporated and BNY Midwest Trust Company, as Trustee (Exhibit 4.5 to Form 8-A/A, dated June 14, 2004).

4.6 * Form of Income PRIDES (included in Exhibit 4.1 to Form 8-A/A, dated June 14, 2004, as Exhibit A thereto).

10.1 First Amendment to Credit Agreement, dated as of May 3, 2004, by and among Strategic Energy, L.L.C., LaSalle Bank National Association, PNC Bank, National Association, Citizens Bank of Pennsylvania, Provident Bank and Fifth Third Bank.

10.2 Amended and Restated Credit Agreement, dated as of July 2, 2004, by and among Strategic Energy, L.L.C., LaSalle Bank National Association, PNC Bank, National Association, Citizens Bank of Pennsylvania, Provident Bank, Fifth Third Bank and Sky Bank.

10.3 Amended and Restated Limited Guaranty dated as of July 2, 2004, by Great Plains Energy Incorporated in favor of the lenders under the Amended and Restated Credit Agreement dated as of July 2, 2004 among Strategic Energy, L.L.C. and the financial institutions from time to time parties thereto.

10.4 First Amendment, dated as of June 30, 2004, to 364-Day Credit Agreement, dated as of March 5, 2004 by and among Great Plains Energy Incorporated, Bank One, NA, BNP Paribas, Commerzbank AG, Keybank National Association, Wachovia Bank, National Association, CoBank, ACB, The Bank of New York, The Bank of Nova Scotia, PNC Bank, National Association, U.S. Bank, National Association, Bank Hapoalim, LaSalle Bank National Association, Bank of America, N.A., The Bank of Tokyo-Mitsubishi, Ltd., Mizuho Corporate Bank, Ltd., Fleet National Bank, Fifth Third Bank, and Merrill Lynch Bank USA.

10.5 First Amendment, dated as of June 30, 2004, to Three-Year Credit Agreement, dated as of March 5, 2004 by and among Great Plains Energy Incorporated, Bank One, NA, BNP Paribas, Commerzbank AG, Keybank National Association, Wachovia Bank, National Association, CoBank, ACB, The Bank of New York, The Bank of Nova Scotia, PNC Bank, National Association, U.S. Bank, National Association, Bank Hapoalim, LaSalle Bank National Association, Bank of America, N.A., The Bank of Tokyo-Mitsubishi, Ltd., Mizuho Corporate Bank, Ltd.,

Fleet National Bank, Fifth Third Bank, and Merrill Lynch Bank USA.

10.6 Agreement dated May 10, 2004, by and among SE Holdings, LLC, members of SE Holdings, LLC, SE, Inc., shareholders of SE, Inc., Strategic Energy, LLC and Innovative Energy Consultants Inc.

12.1 Ratio of Earnings to Fixed Charges

31.1.a Rule 13a-14(a)/15d-14(a) Certifications of Michael J. Chesser.

31.1.b Rule 13a-14(a)/15d-14(a) Certifications of Andrea F. Bielsker.

32.1 Section 1350 Certifications.

* Filed as exhibits to a prior Registration of Certain Classes of Securities Pursuant to Section 12(b) or (g) of the Securities Exchange Act of 1934 on Form 8-A/A and incorporated by reference and made a part hereof. The exhibit number and report reference of the documents so filed, and incorporated herein by reference, are stated in parentheses in the description of such exhibit.

Copies of any of the exhibits filed with the Securities and Exchange Commission in connection with this document may be obtained from Great Plains Energy upon written request.

KCP&L Documents

Exhibit
Number Description of Document

12.2 Ratio of Earnings to Fixed Charges

31.2.a Rule 13a-14(a)/15d-14(a) Certifications of William H. Downey.

31.2.b Rule 13a-14(a)/15d-14(a) Certifications of Andrea F. Bielsker.

32.2 Section 1350 Certifications.

Copies of any of the exhibits filed with the Securities and Exchange Commission in connection with this document may be obtained from KCP&L upon written request.

REPORTS ON FORM 8-K

Great Plains Energy
Great Plains Energy filed on April 22, 2004, a report on Form 8-K dated April 21, 2004, furnishing pursuant to Item 12 thereof a press release regarding first quarter 2004 earnings, and reporting pursuant to Item 5 thereof an agreement to purchase an additional 11.45% interest in Strategic Energy L.L.C.

Great Plains Energy filed on May 12, 2004, a report on Form 8-K dated May 12, 2004, including Item 6. Selected Financial Data, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations, Item 8. Consolidated Financial Statements, and Schedule II - Valuation and Qualifying Accounts and Reserves as listed in Item 15. Exhibits, Financial Statement Schedules, and

Reports on Form 8-K from Great Plains Energy's and KCP&L's combined Annual Report on Form 10-K, as amended by Amendment No. 1 on Form 10-K/A for the year ended December 31, 2003, recast to show discontinued operations presentation as a result of the February 2004 announcement by Great Plains Energy of its plan to sell the KLT Gas Inc. natural gas properties and exist the gas business.

Great Plains Energy filed on June 1, 2004, a report on Form 8-K dated May 26, 2004, regarding KCP&L's filing of applications with the Missouri Public Service Commission and the Kansas Corporation Commission to begin a regulatory workshop process to explore how to meet the area's growing need for electricity and cleaner air, and developments in the Hawthorn No. 5 litigation discussed in Part II Item 1, above.

Great Plains Energy furnished on June 4, 2004, a report on Form 8-K dated June 4, 2004, furnishing press releases regarding Great Plains Energy's announcement of its plans for public offerings of common stock and mandatory convertible securities and its announcement of an increase in 2004 ongoing earnings guidance.

Great Plains Energy filed on June 14, 2004, a report on Form 8-K dated June 14, 2004, filing underwriting agreements regarding the issuance of common stock and FELINE PRIDES, and instruments defining the rights of holders of the FELINE PRIDES.

Great Plains Energy furnished on July 27, 2004, a report on Form 8-K dated July 26, 2004, furnishing a press release regarding second quarter 2004 earnings.

KCP&L
KCP&L furnished on April 22, 2004, a report on Form 8-K dated April 21, 2004, furnishing a press release regarding first quarter 2004 earnings.

KCP&L filed on May 12, 2004, a report on Form 8-K dated May 12, 2004, including Item 6. Selected Financial Data, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations, Item 8. Consolidated Financial Statements, and Schedule II - Valuation and Qualifying Accounts and Reserves as listed in Item 15. Exhibits, Financial Statement Schedules, and Reports on Form 8-K from Great Plains Energy's and KCP&L's combined Annual Report on Form 10-K, as amended by Amendment No. 1 on Form 10-K/A for the year ended December 31, 2003, recast to show discontinued operations presentation as a result of the February 2004 announcement by Great Plains Energy of its plan to sell the KLT Gas Inc. natural gas properties and exist the gas business.

KCP&L filed on June 1, 2004, a report on Form 8-K dated May 26, 2004, regarding KCP&L's filing of applications with the Missouri Public Service Commission and the Kansas Corporation Commission to begin a regulatory workshop process to explore how to meet the area's growing need for electricity and cleaner air, and developments in the Hawthorn No. 5 litigation discussed in Part II Item 1, above.

KCP&L furnished on June 4, 2004, a report on Form 8-K dated June 4, 2004, furnishing press releases regarding Great Plains Energy's announcement of its plans for public offerings of common stock and mandatory convertible securities and its announcement of an increase in 2004 ongoing earnings guidance.

KCP&L furnished on July 27, 2004, a report on Form 8-K dated July 26, 2004, furnishing a press release regarding second quarter 2004 earnings.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, Great Plains Energy Incorporated and Kansas City Power & Light Company have duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

GREAT PLAINS ENERGY INCORPORATED

Dated: August 6, 2004

By: /s/Michael J. Chesser
(Michael J. Chesser)
(Chief Executive Officer)

Dated: August 6, 2004

By: /s/Lori A. Wright
(Lori A. Wright)
(Principal Accounting Officer)

KANSAS CITY POWER & LIGHT COMPANY

Dated: August 6, 2004

By: /s/William H. Downey
(William H. Downey)
(Chief Executive Officer)

Dated: August 6, 2004

By: /s/Lori A. Wright
(Lori A. Wright)
(Principal Accounting Officer)

FIRST AMENDMENT TO CREDIT AGREEMENT

This first amendment (this "Amendment") dated as of May 3, 2004 is to the Credit Agreement dated as of June 11, 2003 (the "Credit Agreement") among Strategic Energy, L.L.C. (the "Borrower"), LaSalle Bank National Association, as Administrative Agent (in such capacity, the "Agent"), PNC Bank, National Association as syndication agent, and various financial institutions party to the Credit Agreement (the "Lenders"). Unless otherwise defined herein, terms defined in the Credit Agreement are used herein as defined therein.

WHEREAS, the parties hereto have entered into the Credit Agreement which provides for the Lenders to make Loans to the Borrower from time to time; and

WHEREAS, the parties hereto desire to amend the Credit Agreement as provided hereby;

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the parties hereto agree as follows:

Section 1. AMENDMENTS. Effective on the date of the effectiveness of this Amendment pursuant to Section 3 below, the Credit Agreement shall be amended as set forth in this Section 1.

1.1 Amendments to Definitions. (a) The definition of "Revolving Loan Termination Date" in Section 1.1 is amended in its entirety to read as follows:

"Revolving Loan Termination Date" means August 8, 2004 (unless extended pursuant to Section 2.18 hereof).

Section 2. REPRESENTATIONS AND WARRANTIES. In order to induce the Agent and the Lenders to enter into this Amendment, the Borrower represents and warrants to the Agent and each of the Lenders (a) as to the matters set forth in Section 5.2(i) and (ii) of the Credit Agreement, as if the representations and warranties set forth therein were made on the date hereof, (b) that the execution and delivery by the Borrower of this Amendment, and the performance by the Borrower of its obligations under the Credit Agreement as amended by this Amendment (the "Amended Credit Agreement"), (i) are within the powers of the Borrower, (ii) have been duly authorized by proper organizational actions and proceedings, and such approvals have not been rescinded and no other actions or proceedings on the part of the Borrower are necessary to consummate such transaction, (iii) do not and will not require any registration with, consent or approval of, or notice to, or other action to, with or by any Governmental Authority, or if not made, obtained or given individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect and (iv) do not and will not conflict with any Requirements of Law or Contractual Obligation, except such that could not reasonably be expected to have a Material Adverse Effect, or with the certificate or articles of incorporation and by-laws or the operating agreement of the Borrower or any Subsidiary, and (c) that the Amended Credit Agreement is the legal, valid and binding obligation of the Borrower,

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enforceable against the Borrower in accordance with its terms (except as enforceability may be limited by bankruptcy, insolvency, fraudulent conveyance, or similar laws affecting the enforcement of creditors' rights generally).

Section 3. EFFECTIVENESS. The amendment set forth in Section 1 above shall become effective on the date when the Agent shall have received the following, all in a form satisfactory to Agent:

Section 3.1 Amendment. Counterparts of this Amendment signed by the Borrower, and the Lenders.

Section 3.2 Guaranty. A reaffirmation of the GPE Guaranty signed by GPE in favor of the Lenders.

Section 3.3 Corporate Documents. A certificate of the Secretary or an Assistant Secretary of the Borrower as to (a) limited liability company action of such entity authorizing the execution and delivery of this Amendment and the other documents contemplated hereby to which such entity is a party, (b) the incumbency and signatures of the officers of such entity which are to sign the documents referenced in clause (a) above, and (c) a certificate of existence certificate issued by the Delaware Secretary of State with respect to the Borrower.

Section 3.4 Other Documents. Such other documents as the Agent shall reasonably request.

Section 4. MISCELLANEOUS.

4.1 Continuing Effectiveness, etc. The Amended Credit Agreement shall remain in full force and effect and is hereby ratified and confirmed in all respects. After the effectiveness hereof, all references in the Credit Agreement and each other Loan Document to the "Credit Agreement" or similar terms shall refer to the Amended Credit Agreement.

4.2 Counterparts. This Amendment may be executed in any number of counterparts and by the different parties on separate counterparts, and each such counterpart shall be deemed to be an original but all such counterparts shall together constitute one and the same Amendment.

4.3 Expenses. The Borrower agrees to pay the reasonable costs and expenses of the Agent (including reasonable attorneys' fees and charges) in connection with the negotiation, preparation, execution and delivery of this Amendment and the other documents contemplated hereby.

4.4 Governing Law. This Amendment shall be a contract made under and governed by the internal laws of the State of Illinois.

4.5 Successors and Assigns. This Amendment shall be binding upon the Borrower, the Lenders and the Agent and their respective successors and assigns, and shall inure to the benefit of the Borrower, the Lenders and the Agent and their respective successors and assigns, as permitted by the provisions of the Amended Credit Agreement.

[signature pages immediately follow]

Executed and delivered as of the day and year first above written.

STRATEGIC ENERGY, L.L.C.
as the Borrower

By: /s/Andrew J. Washburn
Name: Andrew J. Washburn
Title: Chief Financial Officer

Address: Two Gateway Center
Pittsburgh, PA 15222-1458

Attention: Andrew J. Washburn
Telephone No.: 412-394-3034
Facsimile No.: 412-394-6664

LASALLE BANK NATIONAL ASSOCIATION
as Administrative Agent, as a Lender and
as an Issuing Bank

By: _____
Name: Mark H. Veach
Title: First Vice President

Address: One American Square, Suite 1600
Indianapolis, IN 46282

Attention: Mark H. Veach
Telephone No.: 317-756-7011
Facsimile No.: 317-756-7021

PNC BANK, National Association
as a Syndication Agent and Lender

By: _____
Name: Thomas A. Majeski
Title: Vice President

Address: One PNC Plaza, 2nd Floor
249 Fifth Avenue
Pittsburgh, PA 15222-2707

Attention: Thomas A. Majeski
Telephone No.: 412-762-2431
Facsimile No.: 412-762-6484

CITIZENS BANK OF PENNSYLVANIA
as Lender

By: _____
Name: Dwayne R. Finney
Title: Vice President

Address: 525 William Penn Place, 29th Floor
Pittsburgh, PA 15219-1729

Attention: Dwayne R. Finney
Telephone No.: 412-867-2425
Facsimile No.: 412-552-6307

PROVIDENT BANK
as Lender

By: _____
Name: William R. Dickson, Jr.
Title: Vice President

Address: 309 Vine Street -- 235D
Cincinnati, OH 45202

Attention: William R. Dickson, Jr.
Telephone No.: 412-263-4759
Facsimile No.: 412-263-4732

FIFTH THIRD BANK
as Lender

By: _____
Name: Jim Janovsky
Title: Vice President

Address: 1404 East Ninth Street
Cleveland, OH 44114

Attention: Jim Janovsky
Telephone No.: 412-937-1855 x 27
Facsimile No.: 412-937-9896

Exhibit 10.2

EXECUTION COPY
677908_9

Amended and Restated
Credit Agreement

Dated as of July 2, 2004

among

Strategic Energy, L.L.C.,

The Institutions From Time to Time
Parties Hereto As Lenders

LaSalle Bank National Association
as Administrative Agent

And

PNC Bank, National Association
as Syndication Agent

LaSalle Bank National Association

And

PNC Capital Markets,
Co-Lead Arrangers

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Amended and Restated
Credit Agreement

This Amended and Restated Credit Agreement dated as of July 2, 2004 is entered into among Strategic Energy, L.L.C., a Delaware limited liability company, the institutions from time to time parties hereto as Lenders, whether by execution of this Agreement or an Assignment Agreement pursuant to Section 13.3, PNC Bank, National Association, in its capacity as Syndication Agent, and LaSalle Bank National Association, a national banking association, in its capacity as contractual representative for itself and the other Lenders. The parties hereto agree as follows:

ARTICLE I. DEFINITIONS

1.1. Certain Defined Terms. Capitalized terms used in this Agreement and not otherwise defined herein shall have the following meanings, applicable both to the singular and the plural forms of the terms defined.

As used in this Agreement:

"Acquisition" means any transaction, or any series of related transactions, consummated on or after the date of this Agreement, by which the Borrower (i) acquires any going business or all or substantially all of the assets of any firm, corporation or division thereof, whether through purchase of assets, merger or otherwise or (ii) directly or indirectly acquires (in one transaction or as the most recent transaction in a series of transactions) at least a majority (in number of votes) of the securities of a corporation which have ordinary voting power for the election of directors (other than securities having such power only by reason of the happening of a contingency) or a majority (by percentage of voting power) of the outstanding equity interests of another Person.

"Administrative Agent" means LaSalle Bank in its capacity as contractual representative for itself and the Lenders pursuant to Article XI hereof and any successor Administrative Agent appointed pursuant to Article XI hereof.

"Advance" means a borrowing hereunder consisting of the aggregate amount of the several Loans made by the Lenders to the Borrower of the same Type and, in the case of Eurodollar Rate Advances, for the same Interest Period.

"Affiliate" of any Person means any other Person directly or indirectly controlling, controlled by or under common control with such Person. A Person shall be deemed to control another Person if the controlling Person is the "beneficial owner" (as defined in Rule 13d-3 under the Securities Exchange Act of 1934) of greater than ten percent (10%) or more of any class of voting securities (or other voting interests) of the controlled Person or possesses, directly or indirectly, the power to direct or cause the direction of the management or policies of the controlled Person, whether through ownership of Capital Stock, by contract or otherwise.

"Agents" means the Administrative Agent and the Syndication Agent.

"Aggregate Revolving Loan Commitment" means the aggregate of the Revolving Loan Commitments of all the Lenders, as reduced from time to time pursuant to the terms hereof. The initial Aggregate Revolving Loan Commitment is One Hundred Twenty-Five Million and 00/100 Dollars ($125,000,000.00).

"Agreement" means this Credit Agreement, as it may be amended, restated, supplemented or otherwise modified and in effect from time to time.

"Agreement Accounting Principles" means generally accepted accounting principles as in effect from time to time at all applicable reporting times, applied in a manner consistent with that used in preparing the financial statements referred to in Section 6.4 hereof.

"Alternate Base Rate" means, for any day, a fluctuating rate of interest per annum equal to the higher of (i) the Prime Rate for such day and (ii) the sum of (a) the Federal Funds Effective Rate for such day and (b) one-half of one percent (0.5%) per annum.

"Applicable Commitment Fee Percentage" means, as at any date of determination, the rate per annum then applicable in the determination of the amount payable under Section 2.13(C)(i) hereof determined in accordance with the provisions of Section 2.13(D)(ii) hereof.

"Applicable Eurodollar Margin" means, as at any date of determination, with respect to all Loans, the rate per annum then applicable to Eurodollar Rate Loans determined in accordance with the provisions of Section 2.13(D)(ii) hereof.

"Applicable Floating Rate Margin" means, as at any date of determination, with respect to all Loans, the rate per annum then applicable to Floating Rate Loans, determined in accordance with the provisions of Section 2.13(D)(ii) hereof.

"Applicable L/C Fee Percentage" means, as at any date of determination, a rate per annum equal to the rate per annum then applicable to Letters of Credit determined in accordance with the provisions of Section 2.13(D)(ii) hereof.

"Arrangers" means LaSalle Bank and PNC Capital Markets, in their capacity as the arrangers for the loan transactions evidenced by this Agreement.

"Assignment Agreement" means an assignment and acceptance agreement entered into in connection with an assignment pursuant to Section 13.3 hereof in substantially the form of Exhibit E.

"Authorized Officer" means any of the President and Chief Executive Officer, Chief Operating Officer, Chief Financial Officer or Vice President, Finance of the Borrower, acting singly.

"Benefit Plan" means a defined benefit plan as defined in Section 3(35) of ERISA (other than a Multiemployer Plan) in respect of which the Borrower or any other member of the Controlled Group is, or within the immediately preceding six (6) years was, an "employer" as defined in Section 3(5) of ERISA.

"Borrower" means Strategic Energy, L.L.C., a Delaware limited liability company, together with its successors and assigns, including a debtor-in-possession on behalf of the Borrower.

"Borrowing Date" means a date on which an Advance is made hereunder.

"Borrowing Notice" is defined in Section 2.6 hereof.

"Business Activity Report" means (A) a Notice of Business Activities Report from the State of Minnesota, Department of Revenue or (B) any similar report required by any other State relating to the ability of the Borrower to enforce its accounts receivable claims against account debtors located in any such state.

"Business Day" means (i) with respect to any borrowing, payment or rate selection of Loans bearing interest at the Eurodollar Rate, a day (other than a Saturday or Sunday) on which banks are open for business in Chicago, Illinois and on which dealings in Dollars are carried on in the London interbank market and (ii) for all other purposes a day (other than a Saturday or Sunday) on which banks are open for business in Chicago, Illinois.

"Capital Expenditures" means, for any period, the aggregate of all expenditures (whether paid in cash or accrued as liabilities and including Capitalized Leases and Permitted Purchase Money Indebtedness) by the Borrower and its Subsidiaries during that period that, in conformity with Agreement Accounting Principles, are required to be included in or reflected by the property, plant, equipment or similar fixed asset accounts reflected in the consolidated balance sheet of the Borrower and its Subsidiaries.

"Capital Stock" means (i) in the case of a corporation, corporate stock, (ii) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock, (iii) in the case of a partnership, partnership interests (whether general or limited) and (iv) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person.

"Capitalized Lease" of a Person means any lease of property by such Person as lessee which would be capitalized on a balance sheet of such Person prepared in accordance with Agreement Accounting Principles.

"Capitalized Lease Obligations" of a Person means the amount of the obligations of such Person under Capitalized Leases which would be capitalized on a balance sheet of such Person prepared in accordance with Agreement Accounting Principles.

"Cash Equivalents" means (i) marketable direct obligations issued or unconditionally guaranteed by the United States government and backed by the full faith and credit of the United States government; (ii) domestic and Eurodollar certificates of deposit and time deposits, bankers' acceptances and floating rate certificates of deposit issued by any commercial bank organized under the laws of the United States, any state thereof, the District of Columbia, any foreign bank, or its branches or agencies, any such issuing bank having capital and retained earnings of at least $500,000,000 (fully protected against currency fluctuations for any such deposits with a term of more than ninety (90) days); (iii) shares of money market, mutual or similar funds having assets in excess of $100,000,000 and the investments of which are limited to investment grade securities (i.e., securities rated at least Baa3 by Moody's Investors Service, Inc. or at least BBB- by Standard & Poor's Ratings Group); and (iv) commercial paper of United States and foreign banks and bank holding companies and their subsidiaries and United States and foreign finance, commercial industrial or utility companies which, at the time of acquisition, are rated A-1 (or better) by Standard & Poor's Ratings Group, or P-1 (or better) by Moody's Investors Service, Inc.; provided that the maturities of such Cash Equivalents shall not exceed 365 days.

"Change" is defined in Section 4.2 hereof.

"Change of Control" means an event or series of events by which:

(i) GPE ceases to own and control directly or indirectly, 51% or more of the Equity Interests of the Borrower; or

(ii) the Borrower consolidates with or merges into another corporation or conveys, transfers or leases all or substantially all of its property to any Person, or any corporation consolidates with or merges into the Borrower, in either event pursuant to a transaction in which the outstanding Capital Stock of the Borrower is reclassified or changed into or exchanged for cash, securities or other property; provided, however, that so long as no Default or Unmatured Default has occurred and is continuing, a Change of Control shall not be deemed to have occurred if (A) after the consummation of any such events, GPE continues to own and control, directly or indirectly, 99% or more of the Equity Interests of the resulting entity, and (B) the resulting entity delivers to the Administrative Agent such documents, instruments, and agreements as are necessary to evidence its agreement to be bound by this Agreement and the Loan Documents.

"Closing Date" means July 2, 2004.

"Closing PUHCA Notice" is defined in Section 6.15 hereof.

"Code" means the Internal Revenue Code of 1986, as amended, reformed or otherwise modified from time to time.

"Collateral" means all property and interests in property now owned or hereafter acquired by the Borrower or any of its Subsidiaries in or upon which a security interest, lien or mortgage is granted to the Administrative Agent, for the benefit of the Holders of Obligations, or to the Administrative Agent, for the benefit of the Lenders, whether under the Security Agreements, the Pledge Agreements, the Intellectual Property Agreements, under any of the other Collateral Documents or under any of the other Loan Documents; provided, however, that "Collateral" shall not include the Excluded Collateral.

"Collateral Documents" means all agreements, instruments and documents executed in connection with this Agreement, including, without limitation, the Security Agreements, the Pledge Agreements, the Intellectual Property Agreements, the Guarantees and all other security agreements, loan agreements, notes, guarantees, pledges, powers of attorney, consents, assignments, contracts, fee letters, mortgages, notices, leases, financing statements and all other written matter whether now or hereafter (including pursuant to Section 7.2(L) hereof) executed by or on behalf of the Borrower or any of its Subsidiaries and delivered to the Administrative Agent or any of the Lenders, together with all agreements and documents referred to therein or contemplated thereby.

"Commission" means the Securities and Exchange Commission and any Person succeeding to the functions thereof.

"Commitment" means, for each Lender, such Lender's Revolving Loan Commitment.

"Consolidated Assets" means the total assets of the Borrower and its Subsidiaries on a consolidated basis determined in accordance with Agreement Accounting Principles.

"Contaminant" means any waste, pollutant, hazardous substance, toxic substance, hazardous waste, special waste, petroleum or petroleum-derived substance or waste, asbestos, polychlorinated biphenyls ("PCBs"), or any constituent of any such substance or waste, and includes but is not limited to these terms as defined in Environmental, Health or Safety Requirements of Law.

"Contingent Obligation", as applied to any Person, means any Contractual Obligation, contingent or otherwise, of that Person with respect to any Indebtedness of another or other obligation or liability of another, including, without limitation, any such Indebtedness, obligation or liability of another directly or indirectly guaranteed, endorsed (otherwise than for collection or deposit in the ordinary course of business), co-made or discounted or sold with recourse by that Person, or in respect of which that Person is otherwise directly or indirectly liable, including Contractual Obligations (contingent or otherwise) arising through any agreement to purchase, repurchase, or otherwise acquire such Indebtedness, obligation or liability or any security therefor, or to provide funds for the payment or discharge thereof (whether in the form of loans, advances, stock purchases, capital contributions or otherwise), or to maintain solvency, assets, level of income, or other financial condition, or to make payment other than for value received.

"Contractual Obligation", as applied to any Person, means any provision of any equity or debt securities issued by that Person or any indenture, mortgage, deed of trust, security agreement, pledge agreement, guaranty, contract, undertaking, agreement

or instrument, in any case in writing, to which that Person is a party or by which it or any of its properties is bound, or to which it or any of its properties is subject.

"Controlled Group" means the group consisting of (i) any corporation which is a member of the same controlled group of corporations (within the meaning of Section 414(b) of the Code) as the Borrower; (ii) a partnership or other trade or business (whether or not incorporated) which is under common control (within the meaning of Section 414(c) of the Code) with the Borrower; and (iii) a member of the same affiliated service group (within the meaning of Section 414(m) of the Code) as the Borrower, any corporation described in clause (i) above or any partnership or trade or business described in clause (ii) above.

"Conversion/Continuation Notice" is defined in Section 2.8(D) hereof.

"Cure Loan" is defined in Section 9.2(iii) hereof.

"Customary Permitted Liens" means:

(i) Liens (other than Environmental Liens and Liens in favor of the IRS or the PBGC) with respect to the payment of taxes, assessments or governmental charges in all cases which are not yet due or (if foreclosure, distraint, sale or other similar proceedings shall not have been commenced) which are being contested in good faith by appropriate proceedings properly instituted and diligently conducted and with respect to which adequate reserves or other appropriate provisions are being maintained in accordance with Agreement Accounting Principles;

(ii) statutory Liens of landlords and Liens of suppliers, mechanics, carriers, materialmen, warehousemen or workmen and other similar Liens imposed by law created in the ordinary course of business for amounts not yet due or which are being contested in good faith by appropriate proceedings properly instituted and diligently conducted and with respect to which adequate reserves or other appropriate provisions are being maintained in accordance with Agreement Accounting Principles;

(iii) Liens (other than Environmental Liens and Liens in favor of the IRS or the PBGC) incurred or deposits made in the ordinary course of business in connection with worker's compensation, unemployment insurance or other types of social security benefits or to secure the performance of bids, tenders, sales, contracts (other than for the repayment of Funded Indebtedness), appeal and performance bonds; provided that (A) all such Liens do not in the aggregate materially detract from the value of the Borrower's or such Subsidiary's assets or property taken as a whole or materially impair the use thereof in the operation of the businesses taken as a whole, and (B) all Liens securing bonds to stay judgments or in connection with appeals do not secure at any time an aggregate amount exceeding $1,000,000.00;

(iv) Liens arising with respect to zoning restrictions, easements, licenses, reservations, covenants, rights-of-way, utility easements, building restrictions and other similar charges or encumbrances on the use of real property which do not in any case materially detract from the value of the property subject thereto or interfere with the ordinary conduct of the business of the Borrower or any of its Subsidiaries;

(v) Liens of attachment or judgment with respect to judgments, writs or warrants of attachment, or similar process against the Borrower or any of its Subsidiaries which do not constitute a Default under Section 8.1(H) hereof; and

(vi) any interest or title of the lessor in the property subject to any operating lease entered into by the Borrower or any of its Subsidiaries in the ordinary course of business.

"Debt Service Coverage Ratio" is defined in Section 7.4(d) hereof.

"Default" means an event described in Article VIII hereof.

"Distributions" means (i) any dividend or other distribution, direct or indirect, on account of any Equity Interests of the Borrower now or hereafter outstanding, except a dividend payable solely in the Borrower's Capital Stock or in options, warrants or other rights to purchase such Capital Stock, and (ii) any redemption, retirement, purchase or other acquisition for value, direct or indirect, of any Equity Interests of the Borrower or any of its Subsidiaries now or hereafter outstanding; provided, however, that "Distributions" shall not include the conversion or exchange of Equity Interests of the Borrower pursuant to a conversion of the Borrower from a limited liability company to a corporation permitted under Section 7.2(A) hereof.

"DOL" means the United States Department of Labor and any Person succeeding to the functions thereof.

"Dollar" and "$" means dollars in the lawful currency of the United States.

"EBITDA" means, for any period, on a consolidated basis for the Borrower and its Subsidiaries, the sum of the amounts for such period, without duplication, of (i) Net Income, plus (ii) Interest Expense, plus (iii) charges against income for foreign, federal, state and local taxes to the extent deducted in computing Net Income, plus (iv) depreciation expense to the extent deducted in computing Net Income, plus (v) amortization expense, including, without limitation, amortization of goodwill and other intangible assets and Transaction Costs to the extent deducted in computing Net Income, plus (vi) other non-cash charges to the extent deducted in computing Net Income, less (vii) non-cash gains to the extent reflected in Net Income.

"Energy Purchase Contracts" is defined in Section 6.12 hereof.

"Environmental, Health or Safety Requirements of Law" means all Requirements of Law derived from or relating to federal, state and local laws or regulations relating to or addressing pollution or protection of the environment, or protection of worker health or safety, including, but not limited to, the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. Section 9601 et seq., the Occupational Safety and Health Act of 1970, 29 U.S.C. § 651 et seq., and the Resource Conservation and Recovery Act of 1976, 42 U.S.C. Section 6901 et seq., in each case including any amendments thereto, any successor statutes, and any regulations or guidance promulgated thereunder, and any state or local equivalent thereof.

"Environmental Lien" means a lien in favor of any Governmental Authority for (a) any liability under Environmental, Health or Safety Requirements of Law, or (b) damages arising from, or costs incurred by such Governmental Authority in response to, a Release or threatened Release of a Contaminant into the environment.

"Environmental Property Transfer Act" means any applicable requirement of law that conditions, restricts, prohibits or requires any notification or disclosure triggered by the closure of any property or the transfer, sale or lease of any property or deed or title for any property for environmental reasons, including, but not limited to, any so-called "Industrial Site Recovery Act" or "Responsible Property Transfer Act."

"Equity Interests" means Capital Stock and all warrants, options or other rights to acquire Capital Stock (but excluding any debt security that is convertible into, or exchangeable for, Capital Stock).

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time including (unless the context otherwise requires) any rules or regulations promulgated thereunder.

"Eurodollar Base Rate" means a rate of interest equal to (a) the per annum rate of interest at which United States dollar deposits in an amount comparable to the amount of the relevant Eurodollar Rate Loan and for a period equal to the relevant Interest Period are offered in the London Interbank Eurodollar market at 11:00 A.M. (London time) two (2) Business Days prior to the commencement of such Interest Period (or three (3) Business Days prior to the commencement of such Interest Period if banks in London, England were not open and dealing in offshore United States dollars on such second preceding Business Day), as displayed in the Bloomberg Financial Markets system (or other authoritative source selected by the Administrative Agent in its sole discretion) or, if the Bloomberg Financial Markets system or another authoritative source is not available, as the Eurodollar Base Rate is otherwise reasonably determined by the Administrative Agent in its sole and absolute discretion, divided by (b) a number determined by subtracting from 1.00 the then stated maximum reserve percentage for determining reserves to be maintained by member banks of the Federal Reserve System for Eurocurrency funding or liabilities as defined in Regulation D (or any successor category of liabilities under Regulation D), such rate to remain fixed for such Interest Period. The Administrative Agent's reasonable determination of the Eurodollar Base Rate shall be conclusive, absent manifest error.

"Eurodollar Rate" means, with respect to a Eurodollar Rate Loan for the relevant Interest Period, the Eurodollar Base Rate applicable to such Interest Period plus the then Applicable Eurodollar Margin.

"Eurodollar Rate Advance" means an Advance which bears interest at the Eurodollar Rate.

"Eurodollar Rate Loan" means a Loan, or portion thereof, which bears interest at the Eurodollar Rate.

"Excluded Collateral" means (1) Provider Collateral under the Restricting Energy Purchase Contracts; provided, however, that upon the release of any proceeds of such Provider Collateral to the Borrower pursuant to the terms of any Disbursement Agreement entered into in conjunction with the Restricting Energy Purchase Contracts, such released amounts will cease to be "Excluded Collateral"; (2) all cash and letter-of-credit rights held by Borrower as "Performance Assurance", "Posted Credit Support" or "Adequate Assurance of Performance" as those terms are defined in the Energy Purchase Contracts, so long as such amounts are held by LaSalle Bank pursuant to that certain Custody Agreement dated as of March 26, 2003 between the Borrower and LaSalle Bank; and (3) any Collateral in which Borrower has granted a security interest, or in the future will be granting a security interest, pursuant to a close out and setoff netting agreement (such as the EEI Master Netting, Setoff, Security and Collateral Agreement or the ISDA Energy Agreement Bridge) entered into with a third party with whom it has entered into an Energy Purchase Contract, but only to the extent that such Collateral consists of present or future payment obligations of such third party to Borrower arising under the Energy Purchase Contract entered into between Borrower and said third party.

"Federal Funds Effective Rate" means, for any day, an interest rate per annum equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published for such day (or, if such day is not a Business Day, for the immediately preceding Business Day) by the Federal Reserve Bank of New York, or, if such rate is not so published for any day which is a Business Day, the average of the quotations at approximately 10:00 a.m. (Chicago time) on such day on such transactions received by the Administrative Agent from three Federal funds brokers of recognized standing selected by the Administrative Agent in its sole discretion.

"Financial Covenant Breach" is defined in Section 8.1(R) hereof.

"Financing" means, with respect to any Person, the issuance or sale by such Person of any Equity Interests of such Person or any Indebtedness consisting of debt securities of such Person.

"Fixed Charge Coverage Ratio" is defined in Section 7.4(c) hereof.

"Floating Rate" means, for any day for any Loan, a rate per annum equal to the Alternate Base Rate for such day, changing when and as the Alternate Base Rate changes, plus the then Applicable Floating Rate Margin.

"Floating Rate Advance" means an Advance which bears interest at the Floating Rate.

"Floating Rate Loan" means a Loan, or portion thereof, which bears interest at the Floating Rate.

"FPA" means the Federal Power Act, as amended, and all rules and regulations promulgated thereunder.

"Funded Indebtedness" means Indebtedness other than Contingent Obligations.

"Governmental Acts" is defined in Section 3.10(A) hereof.

"Governmental Authority" means any nation or government, any federal, state, local or other political subdivision thereof and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

"GPE" means Great Plains Energy Incorporated, a Missouri corporation.

"GPE Cash Infusion" means the purchase by GPE or its Subsidiaries for cash of additional Equity Interests of Borrower or cash capital contributions made by GPE or its Subsidiaries in respect of their direct or indirect Equity Interests in Borrower.

"GPE Cross Default" shall have the meaning set forth on the GPE Guaranty.

"GPE Guarantee Increase" means any increase in the amount of the GPE Guaranty made in connection with the cure of a Financial Covenant Breach pursuant to Section 8.1(R) of this Agreement.

"GPE Guaranty" means that certain Limited Guaranty dated as of the Closing Date in substantially the form of Exhibit B-4 attached hereto, duly executed by GPE in favor of the Administrative Agent for the benefit of the Holders of Obligations, as amended, restated or otherwise modified from time to time.

"Gross Negligence" means recklessness, or actions taken or omitted with conscious indifference to or the complete disregard of consequences. Gross Negligence does not mean the absence of ordinary care or diligence, or an inadvertent act or inadvertent failure to act. If the term "gross negligence" is used with respect to the Agents, the Arrangers or any Lender or any indemnitee in any of the other Loan Documents, it shall have the meaning set forth herein.

"Guarantors" means (i) GPE and (ii) any other new Subsidiaries which have satisfied the provisions of Section 7.2(L) hereof, in each case, together with their respective successors and assigns.

"Guaranty" means the GPE Guaranty and any guaranty hereafter (pursuant to Section 7.2(L) hereof) executed by a Subsidiary of Borrower in favor of the Administrative Agent for the ratable benefit of the Holders of Obligations, in each case, as amended, restated or otherwise modified from time to time.

"Hedging Obligations" of a Person means any and all obligations of such Person, whether absolute or contingent and howsoever and whensoever created, arising, evidenced or acquired (including all renewals, extensions and modifications thereof and substitutions therefor), under (i) any and all agreements, devices or arrangements designed to protect at least one of the parties thereto from the fluctuations of interest rates, commodity prices, exchange rates or forward rates applicable to such party's assets, liabilities or exchange transactions, including, but not limited to, dollar-denominated or cross-currency interest rate exchange agreements, forward currency exchange agreements, interest rate cap or collar protection agreements, forward rate currency or interest rate options, puts and warrants, and (ii) any and all cancellations, buy backs, reversals, terminations or assignments of any of the foregoing; provided, however, that "Hedging Obligations" shall not include physical and financial agreements to purchase energy entered into by the Borrower in the ordinary course of its business.

"Holders of Obligations" means the holders of the Obligations from time to time, including, without limitation, (i) each Lender in respect of its Loans, (ii) each Issuing Bank in respect of Reimbursement Obligations, (iii) the Agents, the Lenders and the Issuing Banks in respect of all other present and future obligations and liabilities of the Borrower of every type and description arising under or in connection with this Agreement or any other Loan Document, (iv) each Indemnitee in respect of the obligations and liabilities of the Borrower to such Person hereunder, and (v) their respective successors, transferees and assigns.

"Indebtedness" of any Person means, without duplication, such Person's (a) obligations for borrowed money, (b) obligations representing the deferred purchase price of property or services (other than accounts payable arising in the ordinary course of such Person's business payable on terms customary in the trade), (c) obligations, whether or not assumed, secured by Liens or payable out of the proceeds or production from property or assets now or hereafter owned or acquired by such Person, (d) obligations which are evidenced by notes, acceptances or other instruments, (e) Capitalized Lease Obligations, (f) Contingent Obligations, (g) obligations with respect to letters of credit issued under this Agreement or otherwise on the Borrower's behalf and (h) Hedging Obligations. The amount of Indebtedness of any Person at any date shall be without duplication (i) the outstanding balance at such date of all unconditional obligations as described above and the maximum liability of any such Contingent Obligations at such date and (ii) in the case of Indebtedness of others secured by a Lien to which the property or assets owned or held by such Person is subject, the lesser of the fair market value at such date of any asset subject to a Lien securing the Indebtedness of others and the amount of the Indebtedness secured. Anything to the contrary contained in this Agreement notwithstanding, Borrower's Energy

Purchase Contracts, Distributions by the Borrower to the holders of its Equity Interests, and the obligation to make tax distributions under the terms of the Borrower's limited liability company operating agreement shall not be deemed to be Indebtedness.

"Indemnified Matters" is defined in Section 10.7(B) hereof.

"Indemnitees" is defined in Section 10.7(B) hereof.

"Intellectual Property Agreement" means any patent security agreement, trademark security agreement or copyright security agreement whether now or hereafter (including pursuant to Section 7.2(L) hereof) executed by the Borrower and its Subsidiaries in favor of the Administrative Agent for the benefit of the Holders of Obligations, in each case, as amended, restated or otherwise modified from time to time, including, without limitation, that certain Trademark Security Agreement dated as of the Closing Date in substantially the form of Exhibit B-3 attached hereto, duly executed by the Borrower in favor of the Administrative Agent for the benefit of the Holders of Obligations as amended, restated or otherwise modified from time to time.

"Interest Expense" means, for any period, the total interest expense of the Borrower and its consolidated Subsidiaries, whether paid or accrued (including the interest component of Capitalized Leases, commitment and letter of credit fees) as reflected on the income statement of the Borrower and its consolidated Subsidiaries, all as determined in conformity with Agreement Accounting Principles.

"Interest Period" means, with respect to a Eurodollar Rate Loan, a period of one (1), two (2), three (3) or six (6) months commencing on a Business Day selected by the Borrower pursuant to this Agreement. Such Interest Period shall end on (but exclude) the day which corresponds numerically to such date one, two, three or six months thereafter; provided, however, that if there is no such numerically corresponding day in such next, second, third or sixth succeeding month, such Interest Period shall end on the last Business Day of such next, second, third or sixth succeeding month, as the case may be. If an Interest Period would otherwise end on a day which is not a Business Day, such Interest Period shall end on the immediately preceding Business Day.

"Investment" means, with respect to any Person, (i) any purchase or other acquisition by that Person of any Indebtedness, Equity Interests or other securities, or of a beneficial interest in any Indebtedness, Equity Interests or other securities, issued by any other Person, (ii) any purchase by that Person of all or substantially all of the assets of a business conducted by another Person, and (iii) any loan, advance (other than deposits with financial institutions available for withdrawal on demand, prepaid expenses, accounts receivable, advances to employees and similar items made or incurred in the ordinary course of business) or capital contribution by that Person to any other Person, including all Indebtedness to such Person arising from a sale of property by such Person other than in the ordinary course of its business.

"IRS" means the Internal Revenue Service and any Person succeeding to the functions thereof.

"Issuing Banks" means (i) LaSalle Bank and (ii) any Lender which, at the Borrower's request, agrees, in each such Lender's sole discretion, to become an Issuing Bank for the purpose of issuing Letters of Credit, and their respective successors and assigns, in each case in such Lender's separate capacity as an issuer of Letters of Credit pursuant to Section 3.1. The Borrower shall provide the Administrative Agent with prior written notice of the designation of any Lender as an Issuing Bank after the date hereof.

"LaSalle Bank" means LaSalle Bank National Association, a national banking association, together with its successors and assigns.

"L/C Draft" means a draft drawn on an Issuing Bank pursuant to a Letter of Credit.

"L/C Interest" shall have the meaning ascribed to such term in Section 3.6 hereof.

"L/C Obligations" means, without duplication, an amount equal to the sum of (i) the aggregate of the amount then available for drawing under each of the Letters of Credit, (ii) the face amount of all outstanding L/C Drafts corresponding to the Letters of Credit, which L/C Drafts have been accepted by the applicable Issuing Bank, (iii) the aggregate outstanding amount of all Reimbursement Obligations at such time and (iv) the aggregate face amount of all Letters of Credit requested by the Borrower but not yet issued (unless the request for an unissued Letter of Credit has been denied).

"Lenders" means the lending institutions listed on the signature pages of this Agreement and their respective successors and assigns.

"Lending Installation" means, with respect to a Lender or the Administrative Agent, any office, branch, subsidiary or affiliate of such Lender or the Administrative Agent.

"Letter of Credit" means the letters of credit to be issued by the Issuing Banks pursuant to Section 3.1 hereof.

"Leverage Ratio" is defined in Section 7.4(B) hereof.

"Lien" means any lien (statutory or other), mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance or preference, priority or security agreement or preferential arrangement of any kind or nature whatsoever (including, without limitation, the interest of a vendor or lessor under any conditional sale, Capitalized Lease or other title retention agreement).

"Loan(s)" means, with respect to a Lender, such Lender's portion of any Advance made pursuant to Section 2.1 hereof, and collectively all Revolving Loans, whether made or continued as or converted to Floating Rate Loans or Eurodollar Rate Loans.

"Loan Account" is defined in Section 2.13(F) hereof.

"Loan Documents" means this Agreement, the Notes, the Master Letter of Credit Agreement, any Guaranty and all other documents, instruments and agreements executed in connection therewith or contemplated thereby, as the same may be amended, restated or otherwise modified and in effect from time to time.

"Margin Stock" shall have the meaning ascribed to such term in Regulation U.

"Master Letter of Credit Agreement" means, at any time, with respect to the issuance of Letters of Credit, the form of LaSalle Bank's Master Letter of Credit Agreement attached hereto as Exhibit K, as the same may be amended from time to time. In the event of a conflict in terms between this Agreement and the Master Letter of Credit Agreement, the Master Letter of Credit Agreement shall govern.

"Material Adverse Effect" means a material adverse effect upon (a) the business, condition (financial or otherwise), operations, performance, properties or prospects of the Borrower, (b) the ability of the Borrower or any of its Subsidiaries to perform their respective obligations under the Loan Documents in any material respect, or (c) the ability of the Lenders or the Administrative Agent to enforce in any material respect the Obligations.

"Material Subsidiary" means any Subsidiary of Borrower having assets or annual revenues in excess of $1,000,000.00.

"Multiemployer Plan" means a "Multiemployer Plan" as defined in Section 4001(a)(3) of ERISA which is, or within the immediately preceding six (6) years was, contributed to by either the Borrower or any member of the Controlled Group.

"Net Income" means, for any period, the net earnings (or loss) after taxes of the Borrower and its Subsidiaries on a consolidated basis for such period taken as a single accounting period determined in conformity with Agreement Accounting Principles.

"Net Worth" means, at a particular date, all amounts which would be included under shareholders' equity for any Person and its consolidated Subsidiaries determined in accordance with Agreement Accounting Principles. In calculating the Net Worth of the Borrower and its Subsidiaries, any non-cash charges related to FASB 133 or FASB 149, as such statements are in effect as of the Closing Date, shall be excluded from the calculation of Net Worth.

"New Subsidiary" is defined in Section 7.3(G)(ii) hereof.

"Non Pro Rata Loan" is defined in Section 9.2 hereof.

"Non-Qualifying GPE Guarantee Increase" means a GPE Guarantee Increase made at a time when GPE's long term debt is not rated at least Baa3 by Moody's Investors Service and at least BBB- by Standard & Poor's Ratings Group.

"Notes" means the Revolving Notes.

"Notice of Assignment" is defined in Section 13.3(B) hereof.

"Obligations" means all Loans, advances, debts, liabilities, obligations, covenants and duties owing by the Borrower to the Agents, the Arrangers, any Lender, any Issuing Bank, any Affiliate of the Agents, the Arrangers or any Lender, or any Indemnitee, of any kind or nature, present or future, arising under this Agreement, the Notes or any other Loan Document, whether or not evidenced by any note, guaranty or other instrument, whether or not for the payment of money, whether arising by reason of an extension of credit, loan, guaranty, indemnification, or in any other manner, whether direct or indirect (including those acquired by assignment), absolute or contingent, due or to become due, now existing or hereafter arising and however acquired. The term includes, without limitation, all interest, charges, expenses, fees, attorneys' fees and disbursements, paralegals' fees (in each case whether or not allowed), and any other sum chargeable to the Borrower under this Agreement or any other Loan Document.

"Other Taxes" is defined in Section 2.13(E)(ii) hereof.

"Participants" is defined in Section 13.2(A) hereof.

"Payment Date" means the last Business Day of each calendar quarter.

"PBGC" means the Pension Benefit Guaranty Corporation, or any successor thereto.

"Permitted Acquisition" is defined in Section 7.3(G) hereof.

"Permitted Existing Indebtedness" means the Indebtedness of the Borrower and its Subsidiaries identified as such on Schedule 1.1.1 to this Agreement.

"Permitted Existing Investments" means the Investments of the Borrower and its Subsidiaries identified as such on Schedule 1.1.2 to this Agreement.

"Permitted Existing Liens" means the Liens on assets of the Borrower and its Subsidiaries identified as such on the disclosure statement delivered by the Borrower to the Administrative Agent at Closing and which are acceptable to the Administrative Agent.

"Permitted Purchase Money Indebtedness" is defined in Section 7.3(A)(vi) hereof.

"Permitted Refinancing Indebtedness" means any replacement, renewal, refinancing or extension of any Indebtedness permitted by this Agreement that (i) does not exceed the aggregate principal amount (plus accrued interest and any applicable premium and associated fees and expenses) of the Indebtedness being replaced, renewed, refinanced or extended, (ii) does not have a Weighted Average Life to Maturity at the time of such replacement, renewal, refinancing or extension that is less than the Weighted Average Life to Maturity of the Indebtedness being replaced, renewed, refinanced or extended, (iii) does not rank at the time of such replacement, renewal, refinancing or extension senior to the Indebtedness being replaced, renewed, refinanced or extended, and (iv) does not contain terms (including, without limitation, terms relating to security, amortization, interest rate, premiums, fees, covenants, event of default and remedies) materially less favorable to the Borrower or to the Lenders than those applicable to the Indebtedness being replaced, renewed, refinanced or extended.

"Person" means any individual, corporation, firm, enterprise, partnership, trust, incorporated or unincorporated association, joint venture, joint stock company, limited liability company or other entity of any kind, or any government or political subdivision or any agency, department or instrumentality thereof.

"Plan" means an employee benefit plan defined in Section 3(3) of ERISA in respect of which the Borrower or any member of the Controlled Group is, or within the immediately preceding six (6) years was, an "employer" as defined in Section 3(5) of ERISA.

"Pledge Agreement" means any pledge agreement hereafter (pursuant to Section 7.2(L) hereof) executed by the Borrower or any Subsidiary of the Borrower with respect to the Capital Stock of any other Subsidiary of the Borrower or such Subsidiary in favor of the Administrative Agent for the benefit of the Holders of Obligations, in each case, as amended, restated or otherwise modified from time to time.

"Prime Rate" means, for any day, the rate of interest in effect for such day as publicly announced from time to time by LaSalle Bank as its prime rate (whether or not such rate is actually charged by LaSalle Bank), which is not intended to be LaSalle Bank's lowest or most favorable rate of interest at any one time. Any change in the Prime Rate announced by LaSalle Bank shall take effect at the opening of business on the day specified in the public announcement of such change; provided that LaSalle Bank shall not be obligated to give notice of any change in the Prime Rate.

"Pro Rata Share" means:

(i) with respect to all payments, computations and determinations relating to the Revolving Loan Commitment or the Revolving Loans of any Lender or such Lender's interest in Letters of Credit (including, without limitation, determinations of the commitment fee under Section 2.13(C)(i)), the Revolving Loan Pro Rata Share; and

(ii) for all other purposes, with respect to each Lender, the percentage obtained by dividing (A) the sum of such Lender's Revolving Loan Commitment at such time (in each case, as adjusted from time to time in accordance with the provisions of this Agreement) by (B) the Aggregate Revolving Loan Commitment at such time; provided, however, if all of the Commitments are terminated pursuant to the terms of this Agreement, then "Pro Rata Share" means the percentage obtained by dividing (x) the sum of such Lender's Revolving Loans and L/C Obligations by (y) the aggregate amount of all Revolving Loans and L/C Obligations.

"Provider Collateral" means those specified retail contracts, related items and proceeds thereof and any Segregated Accounts that are subject to a Lien pursuant to the terms of the Energy Purchase Contracts.

"PUHCA" means the Public Utility Holding Company Act of 1935, as amended.

"Purchasers" is defined in Section 13.3(A) hereof.

"Qualifying GPE Guarantee Increase" means a GPE Guarantee Increase made at a time when GPE's long term debt is rated at least Baa3 by Moody's Investors Service and at least BBB- by Standard & Poor's Ratings Group, provided, however, that if subsequently GPE's long term debt is no longer rated at least Baa3 by Moody's Investors Service and at least BBB- by Standard & Poors Rating Group, for purposes of determining covenant compliance in subsequent fiscal quarters such GPE Guarantee Increase will be deemed to have been originally made as a Non-Qualifying Guaranty Increase.

"Rate Option" means the Eurodollar Rate or the Floating Rate.

"Register" is defined in Section 13.3(C) hereof.

"Regulation T" means Regulation T of the Board of Governors of the Federal Reserve System as from time to time in effect and any successor or other regulation or official interpretation of said Board of Governors relating to the extension of credit by and to brokers and dealers of securities for the purpose of purchasing or carrying margin stock (as defined therein).

"Regulation U" means Regulation U of the Board of Governors of the Federal Reserve System as from time to time in effect and any successor or other regulation or official interpretation of said Board of Governors relating to the extension of credit by

banks for the purpose of purchasing or carrying Margin Stock applicable to member banks of the Federal Reserve System.

"Regulation X" means Regulation X of the Board of Governors of the Federal Reserve System as from time to time in effect and any successor or other regulation or official interpretation of said Board of Governors relating to the extension of credit by foreign lenders for the purpose of purchasing or carrying margin stock (as defined therein).

"Reimbursement Obligation" is defined in Section 3.7 hereof.

"Release" means any release, spill, emission, leaking, pumping, injection, deposit, disposal, discharge, dispersal, leaching or migration into the indoor or outdoor environment, including the movement of Contaminants through or in the air, soil, surface water or groundwater.

"Reportable Event" means a reportable event as defined in Section 4043 of ERISA and the regulations issued under such section, with respect to a Plan, excluding, however, such events as to which the PBGC by regulation waived the requirement of Section 4043(a) of ERISA that it be notified within 30 days after such event occurs, provided, however, that a failure to meet the minimum funding standards of Section 412 of the Code and of Section 302 of ERISA shall be a Reportable Event regardless of the issuance of any such waiver of the notice requirement in accordance with either Section 4043(a) of ERISA or Section 412(d) of the Code.

"Required Lenders" means Lenders whose Pro Rata Shares, in the aggregate, are greater than sixty-six and two-thirds percent (66-2/3%); provided, however, that, if any of the Lenders shall have failed to fund its Revolving Loan Pro Rata Share of any Revolving Loan requested by the Borrower, which such Lenders are obligated to fund under the terms of this Agreement and any such failure has not been cured, then for so long as such failure continues, "Required Lenders" means Lenders (excluding all Lenders whose failure to fund their applicable Pro Rata Shares of such Revolving Loans has not been so cured) whose Pro Rata Shares represent greater than sixty-six and two-thirds percent (66-2/3%) of the aggregate Pro Rata Shares of such Lenders; provided further, however, that, if the Commitments have been terminated pursuant to the terms of this Agreement, "Required Lenders" means Lenders (without regard to such Lenders' performance of their respective obligations hereunder) whose aggregate ratable shares (stated as a percentage) of the aggregate outstanding principal balance of all Loans and L/C Obligations are greater than sixty-six and two thirds percent (66-2/3%).

"Requirements of Law" means, as to any Person, the charter and by-laws or other organizational or governing documents of such Person, and any law, rule or regulation, or determination of an arbitrator or a court or other Governmental Authority, in each case applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject including, without limitation, the Securities Act of 1933, the Securities Exchange Act of 1934, Regulations T, U and X, ERISA, the Fair Labor Standards Act, the Worker Adjustment and Retraining Notification Act, Americans with Disabilities Act of 1990, and any certificate of occupancy, zoning ordinance, building, environmental or land use requirement or permit or environmental, labor, employment, occupational safety or health law, rule or regulation, including Environmental, Health or Safety Requirements of Law.

"Restricted Payment" means (i) any redemption, purchase, retirement, defeasance, prepayment or other acquisition for value, direct or indirect, of any Indebtedness other than the Obligations prior to the stated maturity of such Indebtedness, (ii) any payment of a claim for the rescission of the purchase or sale of, or for material damages arising from the purchase or sale of, any Indebtedness (other than the Obligations), or of a claim for reimbursement, indemnification or contribution arising out of or related to any such claim for damages or rescission and (iii) any payment of any management fee or similar consulting fee to any Affiliate of the Borrower in excess of $2,500,000 in the aggregate in any fiscal year.

"Restricting Energy Purchase Contracts" means (i) those Energy Purchase Contracts which prohibit the grant of a junior lien on the related Provider Collateral to the Administrative Agent, and (ii) those Energy Purchase Contracts listed in Items 6 (Mirant), 8 (BP), 10 (Morgan Stanley) and 11 (CG&E) of Schedule 6.12 hereof; provided, however, that with respect to the Energy Purchase Contracts listed in (ii) above, the Lenders shall be entitled to a security interest in the Provider Collateral relating thereto which is subordinate to that granted by Borrower to the other party to such Energy Purchase Contracts.

"Revolving Credit Availability" means, at any particular time, the amount by which the Aggregate Revolving Loan Commitment at such time exceeds the Revolving Credit Obligations at such time.

"Revolving Credit Obligations" means, at any particular time, the sum of (i) the outstanding principal amount of the Revolving Loans at such time, plus (ii) the L/C Obligations at such time.

"Revolving Loan" is defined in Section 2.1 hereof.

"Revolving Loan Commitment" means, for each Lender, the obligation of such Lender to make Revolving Loans and to purchase participations in Letters of Credit not exceeding the amount set forth on Exhibit A to this Agreement opposite its name thereon under the heading "Revolving Loan Commitment" or the signature page of the assignment and acceptance by which it became a Lender, as such amount may be modified from time to time pursuant to the terms of this Agreement or to give effect to any applicable assignment and acceptance.

"Revolving Loan Pro Rata Share" means, at any particular time and with respect to any Lender, the percentage obtained by dividing (A) such Lender's Revolving Loan Commitment (or the outstanding principal balance of such Lender's Revolving Loans and all L/C Obligations in which such Lender has an interest, if the Revolving Loan Commitments have been terminated pursuant to the terms of this Agreement) by (B) the Aggregate Revolving Loan Commitment (or the aggregate outstanding principal balance

of the Revolving Loans and all L/C Obligations, if the Revolving Loan Commitments have been terminated pursuant to the terms of this Agreement).

"Revolving Loan Termination Date" means June 29, 2007 (unless extended pursuant to Section 2.18 hereof).

"Revolving Note" means a promissory note, in substantially the form of Exhibit B-1 hereto, duly executed by the Borrower and payable to the order of a Lender in the amount of its Revolving Loan Commitment, including any amendment, restatement, modification, renewal or replacement of such Revolving Note.

"Risk-Based Capital Guidelines" is defined in Section 4.2 hereof.

"Security Agreement" means (i) that certain Security Agreement dated as of the Closing Date, in substantially the form of Exhibit B-2 attached hereto, duly executed by the Borrower in favor of the Administrative Agent for the benefit of the Holders of Obligations as amended, restated or otherwise modified from time to time and (ii) any other security agreement hereafter (pursuant to Section 7.2(L) hereof) executed by each of the Borrower's Subsidiaries in favor of the Administrative Agent for the benefit of the Holders of Obligations, in each case, as amended, restated or otherwise modified from time to time.

"Segregated Accounts" shall mean those deposit accounts listed on Schedule 1.1.4 hereto, which schedule may be revised from time to time by the Borrower submitting a revised Schedule to the Administrative Agent and the Lenders, such accounts being created for the purpose of providing performance assurance to certain of the Borrower's wholesale power supply counterparties and funded by payments made by the Borrower's retail customers receiving such supply.

"Single Employer Plan" means a Plan maintained by the Borrower or any member of the Controlled Group for employees of the Borrower or any member of the Controlled Group.

"Solvent" means, when used with respect to any Person, that at the time of determination:

(i) the fair value of its assets (both at fair valuation and at present fair saleable value) is equal to or in excess of the total amount of its liabilities, including, without limitation, contingent liabilities; and

(ii) it is then able and expects to be able to pay its debts as they mature; and

(iii) it has capital sufficient to carry on its business as conducted and as proposed to be conducted.

With respect to contingent liabilities (such as litigation, guarantees and pension plan liabilities), such liabilities shall be computed at the amount which, in light of all the facts and circumstances existing at the time, represent the amount which can be reasonably be expected to become an actual or matured liability.

"Subordinated Debtholder" means either GPE, KLT Inc., KLT Energy Services Inc., Innovative Energy Consultants Inc. or Custom Energy Holdings, L.L.C.

"Subordinated Debt" means any intercompany Indebtedness owed by the Borrowers to the Subordinated Debtholder (whether or not evidenced by a promissory note) and subject to the terms of the Subordination Agreement.

"Subordination Agreement" means that certain Subordination Agreement dated as of the Closing Date (as amended, restated, supplemented or otherwise modified from time to time) between the Subordinated Debtholder and the Borrower in favor of the Administrative Agent on behalf of the Lenders with respect to the Subordinated Debt, in substantially the form of Exhibit J attached hereto.

"Subsidiary" of a Person means (i) any corporation more than 50% of the outstanding securities having ordinary voting power of which shall at the time be owned or controlled, directly or indirectly, by such Person or by one or more of its Subsidiaries or by such Person and one or more of its Subsidiaries, or (ii) any partnership, association, joint venture or similar business organization more than 50% of the ownership interests having ordinary voting power of which shall at the time be so owned or controlled. Unless otherwise expressly provided, all references herein to a "Subsidiary" shall mean a Subsidiary of the Borrower.

"Syndication Agent" means PNC Bank, National Association in its capacity as syndication agent hereunder.

"Taxes" is defined in Section 2.13(E)(i) hereof.

"Termination Date" means the earlier of (a) the Revolving Loan Termination Date, and (b) the date of termination of the Aggregate Revolving Loan Commitment pursuant to Section 2.4 hereof or the Commitments pursuant to Section 9.1 hereof.

"Termination Event" means (i) a Reportable Event with respect to any Benefit Plan; (ii) the withdrawal of the Borrower or any member of the Controlled Group from a Benefit Plan during a plan year in which the Borrower or such Controlled Group member was a "substantial employer" as defined in Section 4001(a)(2) of ERISA or the cessation of operations which results in the termination of employment of twenty percent (20%) of Benefit Plan participants who are employees of the Borrower or any member of the Controlled Group; (iii) the imposition of an obligation on the Borrower or any member of the Controlled Group under Section 4041 of ERISA to provide affected parties written notice of intent to terminate a Benefit Plan in a distress termination described in Section 4041(c) of ERISA; (iv) the institution by the PBGC of proceedings to terminate a Benefit Plan; (v) any event or condition which might constitute grounds under Section 4042 of ERISA for the termination of, or the appointment

of a trustee to administer, any Benefit Plan; or (vi) the partial or complete withdrawal of the Borrower or any member of the Controlled Group from a Multiemployer Plan.

"Transaction Costs" means the fees, costs and expenses payable by the Borrower in connection with the execution, delivery and performance of the Loan Documents.

"Transferee" is defined in Section 13.5 hereof.

"Type" means, with respect to any Loan, its nature as a Floating Rate Loan or a Eurodollar Rate Loan.

"Unfunded Liabilities" means (i) in the case of Single Employer Plans, the amount (if any) by which the present value of all vested nonforfeitable benefits under all Single Employer Plans exceeds the fair market value of all such Plan assets allocable to such benefits, all determined as of the then most recent valuation date for such Plans, and (ii) in the case of Multiemployer Plans, the withdrawal liability that would be incurred by the Controlled Group if all members of the Controlled Group completely withdrew from all Multiemployer Plans.

"Unmatured Default" means an event which, but for the lapse of time or the giving of notice, or both, would constitute a Default.

"Weighted Average Life to Maturity" means when applied to any Indebtedness at any date, the number of years obtained by dividing (i) the sum of the products obtained by multiplying (a) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect thereof, by (b) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment, by (ii) the then outstanding principal amount of such Indebtedness.

The foregoing definitions shall be equally applicable to both the singular and plural forms of the defined terms. Any accounting terms used in this Agreement which are not specifically defined herein shall have the meanings customarily given them in accordance with generally accepted accounting principles in existence as of the date hereof.

1.2. References. The existence throughout the Agreement of references to the Borrower's Subsidiaries is for a matter of convenience only. Any references to Subsidiaries of the Borrower set forth herein shall not in any way be construed as consent by the Administrative Agent or any Lender to the establishment, maintenance or acquisition of any Subsidiary, except as may otherwise be permitted hereunder.

ARTICLE II. THE REVOLVING LOAN FACILITIES

2.1. Revolving Loans. Upon the satisfaction of the conditions precedent set forth in Sections 5.1 and 5.2, from and including the date of this Agreement and prior to the Termination Date, each Lender severally and not jointly agrees, on the terms and conditions set forth in this Agreement, to make revolving loans to the Borrower from time to time, in Dollars, in an amount not to exceed such Lender's Revolving Loan Pro Rata Share of Revolving Credit Availability at such time (each individually, a "Revolving Loan" and, collectively, the "Revolving Loans"); provided, however, at no time shall the Revolving Credit Obligations exceed the Aggregate Revolving Loan Commitment. Subject to the terms of this Agreement, the Borrower may borrow, repay and reborrow Revolving Loans at any time prior to the Termination Date. On the Termination Date, the Borrower shall repay in full the outstanding principal balance of the Revolving Loans. Each Advance under this Section 2.1 shall consist of Revolving Loans made by each Lender ratably in proportion to such Lender's respective Revolving Loan Pro Rata Share. The initial Aggregate Revolving Loan Commitment is One Hundred Twenty-Five Million and 00/100 Dollars ($125,000,000)

2.2 Rate Options for All Advances. The Revolving Loans may be Floating Rate Advances or Eurodollar Rate Advances, or a combination thereof, selected by the Borrower in accordance with Section 2.8. The Borrower may select, in accordance with Section 2.8, Rate Options and Interest Periods applicable to portions of the Revolving Loans; provided that there shall be no more than five (5) Interest Periods in effect with respect to all of the Loans at any time.

2.3. Prepayments.

(A) Optional Payments. The Borrower may from time to time repay or prepay, without penalty or premium all or, in an aggregate of amount of $1,000,000.00 or any larger integral multiple thereof, part of outstanding Floating Rate Advances. The Borrower may from time to time pay, subject to the indemnification provisions contained in Section 4.4, all outstanding Eurodollar Rate Advances or, in a minimum aggregate amount of $1,000,000.00 or any larger integral multiple thereof, part of the outstanding Eurodollar Rate Advances, provided, that the Borrower may not so prepay Eurodollar Rate Advances unless it shall have provided at least three Business Days' written notice to the Administrative Agent of such prepayment.

(B) Mandatory Prepayments.

(i) If at any time and for any reason the Revolving Credit Obligations are greater than the Aggregate Revolving Loan Commitment, the Borrower shall immediately make a mandatory prepayment of the Obligations in an amount equal to such excess. In addition, if Revolving Credit Availability is at any time less than the amount of contingent L/C Obligations outstanding at any time, the Borrower shall deposit cash collateral with the Administrative Agent in an amount equal to the amount by which such L/C Obligations exceed such Revolving Credit Availability.

(ii) Subject to the preceding provisions of this Section 2.3(B) and the indemnification provisions contained in Section 4.4, all of the mandatory prepayments made under this Section 2.3(B) shall be applied first to Floating Rate Loans and to any Eurodollar Rate Loans maturing on such date and then to subsequently maturing Eurodollar Rate Loans in order of maturity.

2.4. Reduction of Commitments.

(a) The Borrower may permanently reduce the Aggregate Revolving Loan Commitment in whole, or in part ratably among the Lenders, in an aggregate minimum amount of $1,000,000.00 with respect to each such Commitment and integral multiples of $500,000.00 in excess of that amount with respect to each such Commitment (unless the Aggregate Revolving Loan Commitment is reduced in whole), upon at least one Business Day's written notice to the Administrative Agent, which notice shall specify the amount of any such reduction; provided, however, that the amount of the Aggregate Revolving Loan Commitment may not be reduced below the aggregate principal amount of the outstanding Revolving Credit Obligations.

(b) All accrued commitment fees shall be payable on the effective date of any termination of the obligations of the Lenders to make Loans hereunder.

2.5. Method of Borrowing. Not later than 1:00 p.m. (Chicago time) on each Borrowing Date, each Lender shall make available its Revolving Loan in funds immediately available in Indianapolis to the Administrative Agent at its address specified pursuant to Article XIV. The Administrative Agent will promptly make the funds so received from the Lenders available to the Borrower at the Administrative Agent's aforesaid address.

2.6. Method of Selecting Types and Interest Periods for Advances. The Borrower shall select the Type of Advance and, in the case of each Eurodollar Rate Advance, the Interest Period applicable to each Advance from time to time. The Borrower shall give the Administrative Agent irrevocable notice in substantially the form of Exhibit C hereto (a "Borrowing Notice") not later than 11:30 a.m. (Chicago time) (a) on the Borrowing Date of each Floating Rate Advance and (b) three Business Days before the Borrowing Date for each Eurodollar Rate Advance, specifying: (i) the Borrowing Date (which shall be a Business Day) of such Advance; (ii) the aggregate amount of such Advance; (iii) the Type of Advance selected; and (iv) in the case of each Eurodollar Rate Advance, the Interest Period applicable thereto. The Borrower shall select Interest Periods so that, to the best of the Borrower's knowledge, it will not be necessary to prepay all or any portion of any Eurodollar Rate Advance prior to the last day of the applicable Interest Period in order to make mandatory prepayments as required pursuant to the terms hereof. Each Floating Rate Advance and all Obligations other than Loans shall bear interest from and including the date of the making of such Advance to (but not including) the date of repayment thereof at the Floating Rate, changing when and as such Floating Rate changes. Changes in the rate of interest on that portion of any Advance maintained as a Floating Rate Loan will take effect simultaneously with each change in the Alternate Base Rate. Each Eurodollar Rate Advance shall bear interest from and including the first day of the Interest Period applicable thereto to (but not including) the last day of such Interest Period at the interest rate determined as applicable to such Eurodollar Rate Advance.

2.7. Minimum Amount of Each Advance. Each Advance (other than an Advance to repay a Reimbursement Obligation) shall be in the minimum amount of $1,000,000.00 (and in multiples of $500,000.00 if in excess thereof); provided, however, that any Floating Rate Advance may be in the amount of the Revolving Credit Availability; provided, further, that the portion of each Advance which is a Eurodollar Rate Advance shall be in the minimum amount of $100,000.00.

2.8. Method of Selecting Types and Interest Periods for Conversion and Continuation of Advances.

(A) Right to Convert/Breakage Costs. The Borrower may elect from time to time, subject to the provisions of Section 2.2 and this Section 2.8, to convert all or any part of a Loan of any Type into any other Type or Types of Loans; provided that any conversion of any Eurodollar Rate Advance shall be made on, and only on, the last day of the Interest Period applicable thereto. Notwithstanding anything in this Agreement or any of the other Loan Documents to the contrary, the Borrower shall be liable for all amounts pursuant to Section 4.4 as a result of the conversion prior to the end of the applicable Interest Period.

(B) Automatic Conversion and Continuation. Floating Rate Loans shall continue as Floating Rate Loans unless and until such Floating Rate Loans are converted into Eurodollar Rate Loans. Eurodollar Rate Loans shall continue as Eurodollar Rate Loans until the end of the then applicable Interest Period therefor, at which time such Eurodollar Rate Loans shall be automatically converted into Floating Rate Loans unless the Borrower shall have given the Administrative Agent notice in accordance with Section 2.8(D) requesting that, at the end of such Interest Period, such Eurodollar Rate Loans continue as a Eurodollar Rate Loan.

(C) No Conversion Post-Default or Post-Unmatured Default. Notwithstanding anything to the contrary contained in Section 2.8(A) or Section 2.8(B), no Loan may be converted into or continued as a Eurodollar Rate Loan (except with the consent of the Required Lenders) when any Default or Unmatured Default has occurred and is continuing.

(D) Conversion/Continuation Notice. The Borrower shall give the Administrative Agent irrevocable notice (a "Conversion/Continuation Notice") of each conversion of a Floating Rate Loan into a Eurodollar Rate Loan or continuation of a Eurodollar Rate Loan not later than 11:30 a.m. (Chicago time) three Business Days prior to the date of the requested conversion or continuation, specifying: (1) the requested date (which shall be a Business Day) of such conversion or continuation; (2) the amount and Type of the Loan to be converted or continued; and (3) the amount of Eurodollar Rate Loan(s) into which such Loan is to be converted or continued and the duration of the Interest Period applicable thereto.

2.9. Default Rate. After the occurrence and during the continuance of a Default, at the option of the Administrative Agent or at the direction of the Required Lenders, the interest rate(s) applicable to the Obligations and the fees payable under

Section 3.8 with respect to Letters of Credit shall be increased by two percent (2.0%) per annum above the Floating Rate or Eurodollar Rate, as applicable.

2.10. Method of Payment. All payments of principal, interest, and fees hereunder shall be made, without setoff, deduction or counterclaim, in immediately available funds to the Administrative Agent at the Administrative Agent's address specified pursuant to Article XIV, or at any other Lending Installation of the Administrative Agent specified in writing by the Administrative Agent to the Borrower, by 2:00 p.m. (Chicago time) on the date when due and shall be made ratably among the Lenders (unless such amount is not to be shared ratably in accordance with the terms hereof). Each payment delivered to the Administrative Agent for the account of any Lender shall be delivered promptly by the Administrative Agent to such Lender in the same type of funds which the Administrative Agent received at its address specified pursuant to Article XIV or at any Lending Installation specified in a notice received by the Administrative Agent from such Lender. The Borrower authorizes the Administrative Agent to charge the account of the Borrower maintained with LaSalle Bank for each payment of principal, interest and fees as it becomes due hereunder. LaSalle Bank will notify the Borrower of any such charges.

2.11. Notes. Each Lender is authorized to record the principal amount of each of its Loans and each repayment with respect to its Loans on the schedule attached to its respective Notes; provided, however, that the failure to so record shall not affect the Borrower's obligations under any such Note.

2.12. Telephonic Notices. The Borrower authorizes the Lenders and the Administrative Agent to extend Advances, issue Letters of Credit, effect selections of Types of Advances and to transfer funds based on telephonic notices made by any person or persons the Administrative Agent or any Lender in good faith believes to be acting on behalf of the Borrower. The Borrower agrees to deliver promptly to the Administrative Agent a written confirmation, signed by an Authorized Officer, if such confirmation is requested by the Administrative Agent or any Lender, of each telephonic notice. If the written confirmation differs in any material respect from the action taken by the Administrative Agent and the Lenders, (i) the telephonic notice shall govern absent manifest error and (ii) the Administrative Agent or the Lender, as applicable, shall promptly notify the Authorized Officer who provided such confirmation of such difference.

2.13. Promise to Pay; Interest and Commitment Fees; Interest Payment Dates; Interest and Fee Basis; Taxes; Loan and Control Accounts.

(A) Promise to Pay. The Borrower unconditionally promises to pay when due the principal amount of each Loan and all other Obligations incurred by it, and to pay all unpaid interest accrued thereon, in accordance with the terms of this Agreement and the Notes.

(B) Interest Payment Dates. Interest accrued on each Floating Rate Loan shall be payable on each Payment Date, commencing with the first such date to occur after the date hereof, and at maturity (whether by acceleration or otherwise). Interest accrued on each Eurodollar Rate Loan shall be payable on the last day of its applicable Interest Period, on any date on which the Eurodollar Rate Loan is prepaid, whether by acceleration or otherwise, and at maturity. Interest accrued on each Eurodollar Rate Loan having an Interest Period longer than three months shall also be payable on the last day of each three-month interval during such Interest Period. Interest accrued on the principal balance of all other Obligations shall be payable in arrears (i) on the last Business Day of each calendar month, commencing on the first such Business Day following the incurrence of such Obligation, (ii) upon repayment thereof in full or in part, and (iii) if not theretofore paid in full, at the time such other Obligation becomes due and payable (whether by acceleration or otherwise).

(C) Commitment Fees.

(i) The Borrower shall pay to the Administrative Agent, for the account of the Lenders as provided herein below, from and after the Closing Date until the date on which the Aggregate Revolving Loan Commitment shall be terminated in whole, a commitment fee accruing at the rate of the then Applicable Commitment Fee Percentage, on the amount by which (x) the Aggregate Revolving Loan Commitment exceeds (y) the Revolving Credit Obligations from time to time. All such commitment fees payable under this clause (C)(i) shall be payable quarterly in arrears on the last Business Day of each calendar quarter occurring after the Closing Date (with the first such payment being calculated for the period from the Closing Date and ending on September 30, 2004), and, in addition, on the date on which the Aggregate Revolving Loan Commitment shall be terminated in whole. The Administrative Agent shall pay to each Lender a ratable share of such commitment fee based on the amount by which such Lender's Revolving Loan Commitment exceeds such Lender's Revolving Credit Obligations.

(ii) The Borrower agrees to pay to the Administrative Agent for the sole account of the Administrative Agent (unless otherwise agreed between the Administrative Agent and any Lender) the fees set forth in the letter agreement between the Administrative Agent and the Borrower dated June 17, 2004, payable at the times and in the amounts set forth therein.

(D) Interest and Fee Basis; Applicable Floating Rate Margin, Applicable Eurodollar Margin, Applicable L/C Fee Percentage and Applicable Commitment Fee Percentage.

(i) Interest on all Obligations and all fees shall be calculated for actual days elapsed on the basis of a 360-day year. Interest shall be payable for the day an Obligation is incurred but not for the day of any payment on the amount paid if payment is received prior to 2:00 p.m. (Chicago time) at the place of payment. If any payment of principal of or interest on a Loan or any payment of any other Obligations shall become due on a day which is not a Business Day, such payment shall be made on the immediately preceding Business Day.

(ii) The Applicable Floating Rate Margin and Applicable Eurodollar Margin for all Loans, the Applicable L/C Fee Percentage for all Letters of Credit and the Applicable Commitment Fee Percentage shall be determined from time to time by reference to the table set forth below, on the basis of the then applicable Leverage Ratio as described in this Section 2.13(D)(ii):

Leverage Ratio	Applicable Eurodollar Margin	Applicable Floating Rate Margin	Applicable L/C Fee Percentage	Applicable Commitment Fee Percentage
Greater than or equal to 2.0 to 1.0	2.50%	1.00%	2.00%	0.45%
Greater than or equal to 1.5 to 1.0 and less than 2.0 to 1.0	2.00%	0.50%	1.75%	0.35%
Greater than or equal to 1.0 to 1.0 and less than 1.5 to 1.0	1.75%	0.25%	1.50%	0.30%
Greater than or equal to .5 to 1.0 and less than 1.0 to 1.0	1.50%	0.00%	1.25%	0.25%
Less than 0.5 to 1.0	1.25%	0.00%	1.00%	0.225%

For purposes of this Section 2.13(D)(ii), the Leverage Ratio shall be determined as of the last day of each fiscal quarter based upon (a) for Funded Indebtedness as of the last day of each such fiscal quarter; and (b) for EBITDA, the actual amount for the four-quarter period ending on such day. Upon receipt of the financial statements delivered pursuant to Section 7.1(A)(i) (with regard to a month ending on the last day of a fiscal quarter) and (ii), as applicable, the Applicable Floating Rate Margin, Applicable Eurodollar Margin, Applicable L/C Fee Percentage and Applicable Commitment Fee Percentage shall be adjusted, such adjustment being effective on the fifth Business Day following the Administrative Agent's receipt of such financial statements and the compliance certificate required to be delivered in connection therewith pursuant to Section 7.1(A)(iii); provided, that if the Borrower shall not have timely delivered its financial statements in accordance with Section 7.1(A)(i) (with regard to a month ending on the last day of a fiscal quarter) or (ii), as applicable, then commencing on the date upon which such financial statements should have been delivered and continuing until such financial statements are actually delivered, it shall be assumed for purposes of determining the Applicable Floating Rate Margin, Applicable Eurodollar Margin, Applicable L/C Fee Percentage and Applicable Commitment Fee Percentage that the Leverage Ratio was greater than or equal to 2.0 to 1.0. With regard to the period commencing on the Closing Date until adjusted pursuant to the preceding provisions following the first delivery of financial statements pursuant to Section 7.1(A)(i), the Applicable Eurodollar Margin shall be 1.50%, the Applicable L/C Fee Percentage shall be 1.25% and the Applicable Floating Rate Margin shall be 0.00%.

(E) Taxes.

(i) Any and all payments by the Borrower hereunder shall be made free and clear of and without deduction for any and all present or future taxes, levies, imposts, deductions, charges or withholdings or any liabilities with respect thereto including those arising after the date hereof as a result of the adoption of or any change in any law, treaty, rule, regulation, guideline or determination of a Governmental Authority or any change in the interpretation or application thereof by a Governmental Authority but excluding, in the case of each Lender and the Administrative Agent, such taxes (including income taxes, franchise taxes and branch profit taxes) as are imposed on or measured by such Lender's or Administrative Agent's, as the case may be, income by the United States of America or any Governmental Authority of the jurisdiction under the laws of which such Lender or Administrative Agent, as the case may be, is organized or maintains a Lending Installation (all such non-excluded taxes, levies, imposts, deductions, charges, withholdings, and liabilities which the Administrative Agent or a Lender determines to be applicable to this Agreement, the other Loan Documents, the Revolving Loan Commitments, the Loans or the Letters of Credit being hereinafter referred to as "Taxes"). If the Borrower shall be required by law to deduct any Taxes from or in respect of any sum payable hereunder or under the other Loan Documents to any Lender or the Administrative Agent, (i) the sum payable shall be increased as may be necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 2.13(E)) such Lender or the Administrative Agent (as the case may be) receives an amount equal to the sum it would have received had no such deductions been made, (ii) the Borrower shall make such deductions, and (iii) the Borrower shall pay the full amount deducted to the relevant taxation authority or other authority in accordance with applicable law. If a withholding tax of the United States of America or any other Governmental Authority shall be or become applicable (y) after the date of this Agreement, to such payments by the Borrower made to the Lending Installation or any other office that a Lender may claim as its Lending Installation, or (z) after such Lender's selection and designation of any other Lending Installation, to such payments made to such other Lending Installation, such Lender shall use reasonable efforts to make, fund and maintain its Loans through another Lending Installation of such Lender in another jurisdiction so as to reduce the Borrower's liability hereunder, if the making, funding or maintenance of such Loans through such other Lending Installation of such Lender does not, in the judgment of such Lender, otherwise adversely affect such Loans, or obligations under the Commitments or such Lender.

(ii) In addition, the Borrower agrees to pay any present or future stamp or documentary taxes or any other excise or property taxes, charges, or similar levies which arise from any payment made hereunder, from the issuance of Letters of Credit hereunder, or from the execution, delivery or registration of, or otherwise with respect to, this Agreement, the other Loan Documents, the Commitments, the Loans or the Letters of Credit (hereinafter referred to as "Other Taxes").

(iii) The Borrower indemnifies each Lender and the Administrative Agent for the full amount of Taxes and Other Taxes (including, without limitation, any Taxes or Other Taxes imposed by any Governmental Authority on amounts payable under this Section 2.13(E)) paid by such Lender or the Administrative Agent (as the case may be) and any liability (including penalties, interest, and expenses) arising therefrom or with respect thereto, whether or not such Taxes or Other Taxes were correctly or legally asserted. This indemnification shall be made within thirty (30) days after the date such Lender or the Administrative Agent (as the case may be) makes written demand therefor. A certificate as to any additional amount payable to any Lender or the Administrative Agent under this Section 2.13(E) submitted to the Borrower and the Administrative Agent (if a Lender is so submitting) by such Lender or the Administrative Agent shall show in reasonable detail the amount payable and the calculations used to determine such amount and shall, absent manifest error, be final, conclusive and binding upon all parties hereto. With respect to such deduction or withholding for or on account of any Taxes and to confirm that all such Taxes have been paid to the appropriate Governmental Authorities, the Borrower shall promptly (and in any event not later than thirty (30) days after receipt) furnish to each Lender and the Administrative Agent such certificates, receipts and other documents as may be required (in the judgment of such Lender or the Administrative Agent) to establish any tax credit to which such Lender or the Administrative Agent may be entitled.

(iv) Within thirty (30) days after the date of any payment of Taxes or Other Taxes by the Borrower, the Borrower shall furnish to the Administrative Agent the original or a certified copy of a receipt evidencing payment thereof.

(v) Without prejudice to the survival of any other agreement of the Borrower hereunder, the agreements and obligations of the Borrower contained in this Section 2.13(E) shall survive the payment in full of principal and interest hereunder, the termination of the Letters of Credit and the termination of this Agreement.

(vi) Without limiting the obligations of the Borrower under this Section 2.13(E), each Lender that is not created or organized under the laws of the United States of America or a political subdivision thereof shall deliver to the Borrower and the Administrative Agent on or before the Closing Date, or, if later, the date on which such Lender becomes a Lender pursuant to Section 13.3, a true and accurate certificate executed in duplicate by a duly authorized officer of such Lender, in a form satisfactory to the Borrower and the Administrative Agent, to the effect that such Lender is capable under the provisions of an applicable tax treaty concluded by the United States of America (in which case the certificate shall be accompanied by two executed copies of Form 1001 of the IRS) or under Section 1442 of the Code (in which case the certificate shall be accompanied by two copies of Form 4224 of the IRS, or, if such Lender is not a "bank" within the meaning of Section 881(c)(3)(A) of the Code, two completed and signed copies of IRS Form W-8 or W-9 or the applicable successor form) of receiving payments of interest hereunder without deduction or withholding of United States federal income tax. Each such Lender further agrees to deliver to the Borrower and the Administrative Agent from time to time a true and accurate certificate executed in duplicate by a duly authorized officer of such Lender substantially in a form satisfactory to the Borrower and the Administrative Agent, before or promptly upon the occurrence of any event requiring a change in the most recent certificate previously delivered by it to the Borrower and the Administrative Agent pursuant to this Section 2.13(E)(vi). Further, each Lender which delivers a certificate accompanied by Form 1001 of the IRS covenants and agrees to deliver to the Borrower and the Administrative Agent within fifteen (15) days prior to January 1, 2005, and every anniversary of such date thereafter on which this Agreement is still in effect, another such certificate and two accurate and complete original signed copies of Form 1001 (or any successor form or forms required under the Code or the applicable regulations promulgated thereunder), and each Lender that delivers a Form W-8 or W-9 as prescribed above or a certificate accompanied by Form 4224 of the IRS covenants and agrees to deliver to the Borrower and the Administrative Agent within fifteen (15) days prior to the beginning of each subsequent taxable year of such Lender during which this Agreement is still in effect, another such Form W-8 or W-9 or another such certificate and two accurate and complete original signed copies of IRS Form 4224 (or any successor form or forms required under the Code or the applicable regulations promulgated thereunder). Each such certificate shall certify as to one of the following:

(a) that such Lender is capable of receiving payments of interest hereunder without deduction or withholding of United States of America federal income tax;

(b) that such Lender is not capable of receiving payments of interest hereunder without deduction or withholding of United States of America federal income tax as specified therein but is capable of recovering the full amount of any such deduction or withholding from a source other than the Borrower and will not seek any such recovery from the Borrower; or

(c) that, as a result of the adoption of or any change in any law, treaty, rule, regulation, guideline or determination of a Governmental Authority or any change in the interpretation or application thereof by a Governmental Authority after the date such Lender became a party hereto, such Lender is not capable of receiving payments of interest hereunder without deduction or withholding of United States of America federal income tax as specified therein and that it is not capable of recovering the full amount of the same from a source other than the Borrower.

Each Lender shall promptly furnish to the Borrower and the Administrative Agent such additional documents as may be reasonably required by the Borrower or the Administrative Agent to establish any exemption from or reduction of any Taxes or Other Taxes required to be deducted or withheld and which may be obtained without undue expense to such Lender.

(F) Loan Account. Each Lender shall maintain in accordance with its usual practice an account or accounts (a "Loan Account") evidencing the Obligations of the Borrower to such Lender owing to such Lender from time to time, including the amount of principal and interest payable and paid to such Lender from time to time hereunder and under the Notes.

(G) Entries Binding. The entries made in the Register and each Loan Account shall be conclusive and binding for all purposes, absent manifest error, unless the Borrower objects to information contained in the Register and each Loan Account

within thirty (30) days of the Borrower's receipt of such information.

2.14. Notification of Advances, Interest Rates, Prepayments and Aggregate Revolving Loan Commitment Reductions. Promptly after receipt thereof, the Administrative Agent will notify each Lender of the contents of each Aggregate Revolving Loan Commitment reduction notice, Borrowing Notice, Continuation/Conversion Notice, and repayment notice received by it hereunder. The Administrative Agent will notify each Lender of the interest rate applicable to each Eurodollar Rate Loan promptly upon determination of such interest rate and will give each Lender prompt notice of each change in the Alternate Base Rate.

2.15. Lending Installations. Each Lender may book its Loans at any Lending Installation selected by such Lender and may change its Lending Installation from time to time. All terms of this Agreement shall apply to any such Lending Installation and the Notes shall be deemed held by each Lender for the benefit of such Lending Installation. Each Lender may, by written or facsimile notice to the Administrative Agent and the Borrower, designate a Lending Installation through which Loans will be made by it and for whose account Loan payments are to be made.

2.16. Non-Receipt of Funds by the Administrative Agent. Unless the Borrower or a Lender, as the case may be, notifies the Administrative Agent prior to the date on which it is scheduled to make payment to the Administrative Agent of (i) in the case of a Lender, the proceeds of a Loan or (ii) in the case of the Borrower, a payment of principal, interest or fees to the Administrative Agent for the account of the Lenders, that it does not intend to make such payment, the Administrative Agent may assume that such payment has been made. The Administrative Agent may, but shall not be obligated to, make the amount of such payment available to the intended recipient in reliance upon such assumption. If such Lender or the Borrower, as the case may be, has not in fact made such payment to the Administrative Agent, the recipient of such payment shall, on demand by the Administrative Agent, repay to the Administrative Agent the amount so made available together with interest thereon in respect of each day during the period commencing on the date such amount was so made available by the Administrative Agent until the date the Administrative Agent recovers such amount at a rate per annum equal to (i) in the case of payment by a Lender, the Federal Funds Effective Rate for such day or (ii) in the case of payment by the Borrower, the interest rate applicable to the relevant Loan.

2.17. Termination Date. This Agreement shall be effective until the Termination Date. Notwithstanding the termination of this Agreement on the Termination Date, until all of the Obligations (other than contingent indemnity obligations) shall have been fully and indefeasibly paid and satisfied, all financing arrangements among the Borrower and the Lenders shall have been terminated and all of the Letters of Credit shall have expired, been canceled or terminated, all of the rights and remedies under this Agreement and the other Loan Documents shall survive.

2.18. Extension of Revolving Loan Termination Date. Unless the Commitments shall have been terminated in their entirety or a Default or Unmatured Default has occurred and is continuing, the Borrower may, by written notice to the Administrative Agent given no later than thirty (30) days but not sooner than ninety (90) days prior to the then applicable Revolving Loan Termination Date, request that the Administrative Agent and the Lenders extend the Revolving Loan Termination Date to a Business Day falling not more than 364 days after the then current Revolving Loan Termination Date. The Administrative Agent and the Lenders shall have no obligation to extend the Revolving Loan Termination Date and any decision to extend the Revolving Loan Termination Date must be agreed to by the Administrative Agent and all Lenders. Any decision to extend the Revolving Loan Termination Date shall be in the sole and absolute discretion of the Administrative Agent and the Lenders and shall be evidenced by a writing executed by each of them.

2.19. Replacement of Certain Lenders. In the event a Lender ("Affected Lender") shall have: (i) failed to fund its applicable Pro Rata Share of any Advance requested by the Borrower, or to fund a Revolving Loan in respect of L/C Obligations, which such Lender is obligated to fund under the terms of this Agreement and which failure has not been cured, (ii) requested compensation from the Borrower under Sections 2.13(E), 4.1 or 4.2 to recover Taxes, Other Taxes or other additional costs incurred by such Lender which are not being incurred generally by the other Lenders, (iii) delivered a notice pursuant to Section 4.3 claiming that such Lender is unable to extend Eurodollar Rate Loans to the Borrower for reasons not generally applicable to the other Lenders or (iv) has invoked Section 10.2, then, in any such case, the Borrower or the Administrative Agent may make written demand on such Affected Lender (with a copy to the Administrative Agent in the case of a demand by the Borrower and a copy to the Borrower in the case of a demand by the Administrative Agent) for the Affected Lender to assign, and such Affected Lender shall use its best efforts to assign pursuant to one or more duly executed Assignment Agreements five (5) Business Days after the date of such demand, to one or more financial institutions that comply with the provisions of Section 13.3(A) which the Borrower or the Administrative Agent, as the case may be, shall have engaged for such purpose ("Replacement Lender"), all of such Affected Lender's rights and obligations under this Agreement and the other Loan Documents (including, without limitation, its Revolving Loan Commitment, all Loans owing to it, all of its participation interests in existing Letters of Credit, and its obligation to participate in additional Letters of Credit hereunder) in accordance with Section 13.3. The Administrative Agent agrees, upon the occurrence of such events with respect to an Affected Lender and upon the written request of the Borrower, to use its reasonable efforts to obtain the commitments from one or more financial institutions to act as a Replacement Lender. The Administrative Agent is authorized to execute one or more of such assignment agreements as attorney-in-fact for any Affected Lender failing to execute and deliver the same within five (5) Business Days after the date of such demand. Further, with respect to such assignment the Affected Lender shall have concurrently received, in cash, all amounts due and owing to the Affected Lender hereunder or under any other Loan Document, including, without limitation, the aggregate outstanding principal amount of the Loans owed to such Lender, together with accrued interest thereon through the date of such assignment, amounts payable under Sections 2.13(E), 4.1, and 4.2 with respect to such Affected Lender and compensation payable under Section 2.13(C) in the event of any replacement of any Affected Lender under clause (ii) or clause (iii) of this Section 2.19; provided that upon such Affected Lender's replacement, such Affected Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of Sections 2.13(E), 4.1, 4.2, 4.4, and 10.7, as well as to any fees accrued for its account hereunder and not yet paid, and shall continue to be obligated under

Section 11.8 with respect to obligations of the Affected Lender which accrued but were not yet paid under Section 11.8 at the time of the assignment to the Replacement Lender. Upon the replacement of any Affected Lender pursuant to this Section 2.19, the provisions of Section 9.2 shall continue to apply with respect to Borrowings which are then outstanding with respect to which the Affected Lender failed to fund its applicable Pro Rata Share and which failure has not been cured.

ARTICLE III. THE LETTER OF CREDIT FACILITY

3.1. Obligation to Issue. Subject to the terms and conditions of this Agreement and in reliance upon the representations, warranties and covenants of the Borrower herein set forth, each Issuing Bank hereby agrees to issue for the account of the Borrower through such Issuing Bank's branches as it and the Borrower may jointly agree, one or more Letters of Credit denominated in Dollars in accordance with this Article III, from time to time during the period, commencing on the date hereof and ending on the Business Day prior to the Termination Date. All Letters of Credit issued by an Issuing Bank and outstanding on the date hereof shall be deemed to be issued under and subject to the terms of this Agreement.

3.2. [Intentionally Omitted].

3.3. Types and Amounts. No Issuing Bank shall have any obligation to and no Issuing Bank shall:

(i) issue any Letter of Credit if on the date of issuance, before or after giving effect to the Letter of Credit requested hereunder, the Revolving Credit Obligations at such time would exceed the Aggregate Revolving Loan Commitment at such time; or

(ii) issue any Letter of Credit which has an expiration date later than the date which is fifteen (15) days immediately preceding the Termination Date.

3.4. Conditions. In addition to being subject to the satisfaction of the conditions contained in Sections 5.1 and 5.2, the obligation of an Issuing Bank to issue any Letter of Credit is subject to the satisfaction in full of the following conditions:

(i) the Borrower shall have delivered to the applicable Issuing Bank at such times and in such manner as such Issuing Bank may reasonably prescribe, a request for issuance of such Letter of Credit in substantially the form of Exhibit D hereto, duly executed applications for such Letter of Credit, and such other applications, documents, instructions and agreements as may be required pursuant to the terms thereof, and the proposed Letter of Credit shall be reasonably satisfactory to such Issuing Bank as to form and content (if LaSalle Bank is the Issuing Bank, such documents will include, but not be limited to, LaSalle Bank's Master Letter of Credit Agreement); and

(ii) as of the date of issuance no order, judgment or decree of any court, arbitrator or Governmental Authority shall purport by its terms to enjoin or restrain the applicable Issuing Bank from issuing such Letter of Credit and no law, rule or regulation applicable to such Issuing Bank and no request or directive (whether or not having the force of law) from a Governmental Authority with jurisdiction over such Issuing Bank shall prohibit or request that such Issuing Bank refrain from the issuance of Letters of Credit generally or the issuance of that Letter of Credit.

3.5. Procedure for Issuance of Letters of Credit.

(a) Subject to the terms and conditions of this Article III and provided that the applicable conditions set forth in Sections 5.1 and 5.2 hereof have been satisfied, the applicable Issuing Bank shall, on the requested date, issue a Letter of Credit on behalf of the Borrower in accordance with such Issuing Bank's usual and customary business practices and, in this connection, such Issuing Bank may assume that the applicable conditions set forth in Section 5.2 hereof have been satisfied unless it shall have received notice to the contrary from the Administrative Agent or a Lender or has knowledge that the applicable conditions have not been met.

(b) The applicable Issuing Bank shall give the Administrative Agent written or telex notice, or telephonic notice confirmed promptly thereafter in writing, of the issuance of a Letter of Credit, provided, however, that the failure to provide such notice shall not result in any liability on the part of such Issuing Bank.

(c) No Issuing Bank shall extend or amend any Letter of Credit unless the requirements of this Section 3.5 are met as though a new Letter of Credit was being requested and issued.

3.6. Letter of Credit Participation. Immediately upon the issuance of each Letter of Credit hereunder, each Lender with a Revolving Loan Pro Rata Share shall be deemed to have automatically, irrevocably and unconditionally purchased and received from the applicable Issuing Bank an undivided interest and participation in and to such Letter of Credit, the obligations of the Borrower in respect thereof, and the liability of such Issuing Bank thereunder (collectively, an "L/C Interest") in an amount equal to the amount available for drawing under such Letter of Credit multiplied by such Lender's Revolving Loan Pro Rata Share. Each Issuing Bank will notify each Lender promptly upon presentation to it of an L/C Draft or upon any other draw under a Letter of Credit. On or before the Business Day on which an Issuing Bank makes payment of each such L/C Draft or, in the case of any other draw on a Letter of Credit, on demand by the Administrative Agent, each Lender shall make payment to the Administrative Agent, for the account of the applicable Issuing Bank, in immediately available funds in an amount equal to such Lender's Revolving Loan Pro Rata Share of the amount of such payment or draw. The obligation of each Lender to reimburse the Issuing Banks under this Section 3.6 shall be unconditional, continuing, irrevocable and absolute. In the event that any Lender fails to make payment to the Administrative Agent of any amount due under this Section 3.6, the Administrative Agent shall be entitled to

receive, retain and apply against such obligation the principal and interest otherwise payable to such Lender hereunder until the Administrative Agent receives such payment from such Lender or such obligation is otherwise fully satisfied; provided, however, that nothing contained in this sentence shall relieve such Lender of its obligation to reimburse the applicable Issuing Bank for such amount in accordance with this Section 3.6.

3.7. Reimbursement Obligation. The Borrower agrees unconditionally, irrevocably and absolutely to pay immediately to the Administrative Agent, for the account of the Lenders, the amount of each advance which may be drawn under or pursuant to a Letter of Credit or an L/C Draft related thereto (such obligation of the Borrower to reimburse the Administrative Agent for an advance made under a Letter of Credit or L/C Draft being hereinafter referred to as a "Reimbursement Obligation" with respect to such Letter of Credit or L/C Draft). If the Borrower at any time fails to repay a Reimbursement Obligation pursuant to this Section 3.7, the Borrower shall be deemed to have elected to borrow Revolving Loans from the Lenders, as of the date of the advance giving rise to the Reimbursement Obligation, equal in amount to the amount of the unpaid Reimbursement Obligation. Such Revolving Loans shall be made as of the date of the payment giving rise to such Reimbursement Obligation, automatically, without notice and without any requirement to satisfy the conditions precedent otherwise applicable to an Advance of Revolving Loans. Such Revolving Loans shall constitute a Floating Rate Advance, the proceeds of which Advance shall be used to repay such Reimbursement Obligation. If, for any reason, the Borrower fails to repay a Reimbursement Obligation on the day such Reimbursement Obligation arises and, for any reason, the Lenders are unable to make or have no obligation to make Revolving Loans, then such Reimbursement Obligation shall bear interest from and after such day, until paid in full, at the interest rate applicable to a Floating Rate Advance.

3.8. Letter of Credit Fees. The Borrower agrees to pay (i) quarterly on the last Business Day of each calendar quarter, in arrears, to the Administrative Agent for the ratable benefit of the Lenders, except as set forth in Section 9.2, a letter of credit fee at a rate per annum equal to the Applicable L/C Fee Percentage on the average daily outstanding face amount available for drawing under all Letters of Credit, (ii) quarterly, in arrears, to the Administrative Agent for the sole account of each Issuing Bank, a letter of credit fronting fee of one-eighth of one percent (0.125%) per annum on the average daily outstanding face amount available for drawing under all Letters of Credit issued by such Issuing Bank, and (iii) to the Administrative Agent for the benefit of each Issuing Bank, all customary fees and other issuance, amendment, document examination, negotiation and presentment expenses and related charges in connection with the issuance, amendment, presentation of L/C Drafts, and the like customarily charged by such Issuing Banks with respect to standby and commercial Letters of Credit, including, without limitation, standard commissions with respect to commercial Letters of Credit, payable at the time of invoice of such amounts.

3.9. Issuing Bank Reporting Requirements. In addition to the notices required by Section 3.5(C), each Issuing Bank shall, no later than the tenth Business Day following the last day of each month, provide to the Administrative Agent, upon the Administrative Agent's request, schedules, in form and substance reasonably satisfactory to the Administrative Agent, showing the date of issue, account party, amount, expiration date and the reference number of each Letter of Credit issued by it outstanding at any time during such month and the aggregate amount payable by the Borrower during such month. In addition, upon the request of the Administrative Agent, each Issuing Bank shall furnish to the Administrative Agent copies of any Letter of Credit and any application for or reimbursement agreement with respect to a Letter of Credit to which the Issuing Bank is party and such other documentation as may reasonably be requested by the Administrative Agent. Upon the request of any Lender, the Administrative Agent will provide to such Lender information concerning such Letters of Credit.

3.10. Indemnification; Exoneration. (A) In addition to amounts payable as elsewhere provided in this Article III, the Borrower hereby agrees to protect, indemnify, pay and save harmless the Administrative Agent, each Issuing Bank and each Lender from and against any and all liabilities and costs which the Administrative Agent, such Issuing Bank or such Lender may incur or be subject to as a consequence, direct or indirect, of (i) the issuance of any Letter of Credit other than, in the case of the applicable Issuing Bank, as a result of its Gross Negligence or willful misconduct, as determined by the final judgment of a court of competent jurisdiction, or (ii) the failure of the applicable Issuing Bank to honor a drawing under a Letter of Credit as a result of any act or omission, whether rightful or wrongful, of any present or future de jure or de facto Governmental Authority (all such acts or omissions herein called "Governmental Acts").

(B) As among the Borrower, the Lenders, the Administrative Agent and the Issuing Banks, the Borrower assumes all risks of the acts and omissions of, or misuse of such Letter of Credit by, the beneficiary of any Letters of Credit. In furtherance and not in limitation of the foregoing, subject to the provisions of the Letter of Credit applications and Letter of Credit reimbursement agreements executed by the Borrower at the time of request for any Letter of Credit, neither the Administrative Agent, any Issuing Bank nor any Lender shall be responsible (in the absence of Gross Negligence or willful misconduct in connection therewith, as determined by the final judgment of a court of competent jurisdiction): (i) for the form, validity, sufficiency, accuracy, genuineness or legal effect of any document submitted by any party in connection with the application for and issuance of the Letters of Credit, even if it should in fact prove to be in any or all respects invalid, insufficient, inaccurate, fraudulent or forged; (ii) for the validity or sufficiency of any instrument transferring or assigning or purporting to transfer or assign a Letter of Credit or the rights or benefits thereunder or proceeds thereof, in whole or in part, which may prove to be invalid or ineffective for any reason; (iii) for failure of the beneficiary of a Letter of Credit to comply duly with conditions required in order to draw upon such Letter of Credit; (iv) for errors, omissions, interruptions or delays in transmission or delivery of any messages, by mail, cable, telegraph, telex, or other similar form of teletransmission or otherwise; (v) for errors in interpretation of technical trade terms; (vi) for any loss or delay in the transmission or otherwise of any document required in order to make a drawing under any Letter of Credit or of the proceeds thereof; (vii) for the misapplication by the beneficiary of a Letter of Credit of the proceeds of any drawing under such Letter of Credit; and (viii) for any consequences arising from causes beyond the control of the Administrative Agent, the Issuing Banks and the Lenders, including, without limitation, any Governmental Acts. None of the above shall affect, impair, or prevent the vesting of any Issuing Bank's rights or powers under this Section 3.10.

(C) In furtherance and extension and not in limitation of the specific provisions hereinabove set forth, any action taken or omitted by any Issuing Bank under or in connection with the Letters of Credit or any related certificates shall not, in the absence of Gross Negligence or willful misconduct, as determined by the final judgment of a court of competent jurisdiction, put the applicable Issuing Bank, the Administrative Agent or any Lender under any resulting liability to the Borrower or relieve the Borrower of any of its obligations hereunder to any such Person.

(D) Without prejudice to the survival of any other agreement of the Borrower hereunder, the agreements and obligations of the Borrower contained in this Section 3.10 shall survive the payment in full of principal and interest hereunder, the termination of the Letters of Credit and the termination of this Agreement.

3.11. Cash Collateral. Notwithstanding anything to the contrary herein or in any application for a Letter of Credit, after the occurrence and during the continuance of Default, the Borrower shall, upon the Administrative Agent's or the Required Banks' demand, deliver to the Administrative Agent for the benefit of the Lenders and the Issuing Banks, cash, or other collateral of a type satisfactory to the Required Lenders, having a value, as determined by such Lenders, equal to the aggregate outstanding L/C Obligations. In addition, if the Revolving Credit Availability is at any time less than the amount of contingent L/C Obligations outstanding at any time, the Borrower shall deposit cash collateral with the Administrative Agent in an amount equal to the amount by which such L/C Obligations exceed such Revolving Credit Availability. Any such collateral shall be held by the Administrative Agent in a separate account appropriately designated as a cash collateral account in relation to this Agreement and the Letters of Credit and retained by the Administrative Agent for the benefit of the Lenders and the Issuing Banks as collateral security for the Borrower's obligations in respect of this Agreement and each of the Letters of Credit and L/C Drafts. Such amounts shall be applied to reimburse the Issuing Banks for drawings or payments under or pursuant to Letters of Credit or L/C Drafts, or if no such reimbursement is required, to payment of such of the other Obligations as the Administrative Agent shall determine. If no Default shall be continuing, amounts remaining in any cash collateral account established pursuant to this Section 3.11 which are not to be applied to reimburse an Issuing Bank for amounts actually paid or to be paid by such Issuing Bank in respect of a Letter of Credit or L/C Draft, shall be returned to the Borrower (after deduction of the Administrative Agent's expenses incurred in connection with such cash collateral account).

ARTICLE IV. CHANGE IN CIRCUMSTANCES

4.1. Yield Protection. If any law or any governmental or quasi-governmental rule, regulation, policy, guideline or directive (whether or not having the force of law) adopted after the date of this Agreement and having general applicability to all banks within the jurisdiction in which such Lender operates (excluding, for the avoidance of doubt, the effect of and phasing in of capital requirements or other regulations or guidelines passed prior to the date of this Agreement), or any interpretation or application thereof by any Governmental Authority charged with the interpretation or application thereof, or the compliance of any Lender therewith,

(i) subjects any Lender or any applicable Lending Installation to any tax, duty, charge or withholding on or from payments due from the Borrower (excluding federal taxation of the overall net income of any Lender or applicable Lending Installation), or changes the basis of taxation of payments to any Lender in respect of its Loans, its L/C Interests, the Letters of Credit or other amounts due it hereunder, or

(ii) imposes or increases or deems applicable any reserve, assessment, insurance charge, special deposit or similar requirement against assets of, deposits with or for the account of, or credit extended by, any Lender or any applicable Lending Installation (other than reserves and assessments taken into account in determining the interest rate applicable to Eurodollar Rate Loans) with respect to its Loans, L/C Interests or the Letters of Credit, or

(iii) imposes any other condition the result of which is to increase the cost to any Lender or any applicable Lending Installation of making, funding or maintaining the Loans, the L/C Interests or the Letters of Credit or reduces any amount received by any Lender or any applicable Lending Installation in connection with Loans or Letters of Credit, or requires any Lender or any applicable Lending Installation to make any payment calculated by reference to the amount of Loans or L/C Interests held or interest received by it or by reference to the Letters of Credit, by an amount deemed material by such Lender;

and the result of any of the foregoing is to increase the cost to that Lender of making, renewing or maintaining its Loans, L/C Interests or Letters of Credit or to reduce any amount received under this Agreement, then, within 15 days after receipt by the Borrower of written demand by such Lender pursuant to Section 4.5, the Borrower shall pay such Lender that portion of such increased expense incurred or reduction in an amount received which such Lender determines is attributable to making, funding and maintaining its Loans, L/C Interests, Letters of Credit and its Revolving Loan Commitment.

4.2. Changes in Capital Adequacy Regulations. If a Lender determines (i) the amount of capital required or expected to be maintained by such Lender, any Lending Installation of such Lender or any corporation controlling such Lender is increased as a result of a "Change" (as defined below), and (ii) such increase in capital will result in an increase in the cost to such Lender of maintaining its Loans, L/C Interests, the Letters of Credit or its obligation to make Loans hereunder, then, within 15 days after receipt by the Borrower of written demand by such Lender pursuant to Section 4.5, the Borrower shall pay such Lender the amount necessary to compensate for any shortfall in the rate of return on the portion of such increased capital which such Lender determines is attributable to this Agreement, its Loans, its L/C Interests, the Letters of Credit or its obligation to make Loans hereunder (after taking into account such Lender's policies as to capital adequacy). "Change" means (i) any change after the date of this Agreement in the "Risk-Based Capital Guidelines" (as defined below) excluding, for the avoidance of doubt, the effect of any phasing in of such Risk-Based Capital Guidelines or any other capital requirements passed prior to the date hereof, or (ii) any adoption of or change in any other law, governmental or quasi-governmental rule, regulation, policy, guideline, interpretation, or

directive (whether or not having the force of law) after the date of this Agreement and having general applicability to all banks and financial institutions within the jurisdiction in which such Lender operates which affects the amount of capital required or expected to be maintained by any Lender or any Lending Installation or any corporation controlling any Lender. "Risk-Based Capital Guidelines" means (i) the risk-based capital guidelines in effect in the United States on the date of this Agreement, including transition rules, and (ii) the corresponding capital regulations promulgated by regulatory authorities outside the United States implementing the July 1988 report of the Basle Committee on Banking Regulation and Supervisory Practices Entitled "International Convergence of Capital Measurements and Capital Standards," including transition rules, and any amendments to such regulations adopted prior to the date of this Agreement.

4.3. Availability of Types of Advances. If (i) any Lender determines that maintenance of its Eurodollar Rate Loans at a suitable Lending Installation would violate any applicable law, rule, regulation or directive, whether or not having the force of law, or (ii) the Required Lenders determine that (x) deposits of a type and maturity appropriate to match fund Eurodollar Rate Advances are not available or (y) the interest rate applicable to a Type of Advance does not accurately reflect the cost of making or maintaining such an Advance, then the Administrative Agent shall suspend the availability of the affected Type of Advance and, in the case of any occurrence set forth in clause (i) require any Advances of the affected Type to be repaid.

4.4. Funding Indemnification. If any payment of a Eurodollar Rate Advance occurs on a date which is not the last day of the applicable Interest Period, whether because of acceleration, prepayment, conversion or otherwise, or a Eurodollar Rate Advance is not made on the date specified by the Borrower for any reason other than default by the Lenders, the Borrower indemnifies each Lender for any loss or cost incurred by it resulting therefrom, including, without limitation, any loss or cost in liquidating or employing deposits acquired to fund or maintain the Eurodollar Rate Advance.

4.5. Lender Statements; Survival of Indemnity. If reasonably possible, each Lender shall designate an alternate Lending Installation with respect to its Eurodollar Rate Loans to reduce any liability of the Borrower to such Lender under Sections 4.1 and 4.2 or to avoid the unavailability of a Type of Advance under Section 4.3, so long as such designation is not disadvantageous to such Lender. Each Lender requiring compensation pursuant to Section 2.13(E) or to this Article IV shall use its reasonable efforts to notify the Borrower and the Administrative Agent in writing of any Change, law, policy, rule, guideline or directive giving rise to such demand for compensation not later than thirty (30) days following the date upon which the responsible account officer of such Lender knows or should have known of such Change, law, policy, rule, guideline or directive. Any demand for compensation pursuant to this Article IV shall be in writing and shall state the amount due, if any, under Section 4.1, 4.2 or 4.4 and shall set forth in reasonable detail the calculations upon which such Lender determined such amount. Such written demand shall be rebuttably presumed correct for all purposes. Determination of amounts payable under such Sections in connection with a Eurodollar Rate Loan shall be calculated as though each Lender funded its Eurodollar Rate Loan through the purchase of a deposit of the type and maturity corresponding to the deposit used as a reference in determining the Eurodollar Rate applicable to such Loan, whether in fact that is the case or not. The obligations of the Borrower under Sections 4.1, 4.2 and 4.4 shall survive payment of the Obligations and termination of this Agreement.

ARTICLE V. CONDITIONS PRECEDENT

5.1. Initial Advances and Letters of Credit. The Lenders shall not be required to make the initial Loans or issue any initial Letters of Credit unless the Borrower has furnished to the Administrative Agent each of the following, with sufficient copies for the Lenders, all in form and substance satisfactory to the Administrative Agent, the Arrangers and the Lenders:

(i) Copies of a certificate of good standing shall have been ordered for the Borrower, certified by the appropriate governmental officer in its jurisdiction of organization;

(ii) Copies, certified by the Secretary or Assistant Secretary of the Borrower, of its Articles of Organization, Operating Agreement (together with all amendments thereto) and of its Board of Directors' resolutions (and resolutions of other bodies, if any are deemed necessary by counsel for any Lender) authorizing the execution of the Loan Documents;

(iii) An incumbency certificate, executed by the Secretary or Assistant Secretary of each of the Borrower, which shall identify by name and title and bear the signature of the officers of the Borrower authorized to sign the Loan Documents and to make borrowings hereunder, upon which certificate the Administrative Agent and the Lenders shall be entitled to rely until informed of any change in writing by the Borrower;

(iv) (a) A certificate, in form and substance satisfactory to the Administrative Agent, signed by the Chief Financial Officer or the Vice President, Finance of the Borrower, stating that on Closing Date no Default or Unmatured Default has occurred and is continuing, (b) a compliance certificate in the form contemplated by Section 7.1(a)(iii) prepared as of March 31, 2004 showing on a pro forma basis the effect of the Advances to be made and Letters of Credit to be issued on the Closing Date, and (c) a schedule of Distributions made by the Borrower in the twelve calendar months preceding the Closing Date;

(v) Written opinions of the Borrower's and the Guarantor's counsel, addressed to the Administrative Agent and the Lenders, addressing the issues identified in Exhibit F-1 and F-2 hereto containing assumptions and qualifications acceptable to the Administrative Agent and the Lenders;

(vi) Notes payable to the order of each of the Lenders;

(vii) Evidence satisfactory to the Administrative Agent that there has been no material adverse change in the Borrower's business, financial condition, operation or prospects, as of the Borrower's consolidated financial statements dated March 31, 2004;

(viii) Evidence satisfactory to the Administrative Agent that there exists no injunction or temporary restraining order which, in the judgment of the Administrative Agent, would prohibit the making of the Loans or any litigation seeking such an injunction or restraining order;

(ix) Written money transfer instructions reasonably requested by the Administrative Agent, addressed to the Administrative Agent and signed by an Authorized Officer;

(x) Evidence satisfactory to the Administrative Agent that the Borrower has paid to the Administrative Agent and the Arrangers the fees agreed to in the fee letter dated June 17, 2004, among the Administrative Agent, the Arrangers and the Borrower and the fees due on the Closing Date which the Administrative Agent, the Arrangers and the Borrower have agreed to herein;

(xi) (a) Audited Consolidated Financial Statements for the Borrower for the fiscal years ending in 2001, 2002 and 2003, and (b) Unaudited Interim Consolidated Financial Statements for the Borrower for each fiscal month and quarterly period ended after the latest fiscal year referred to in clause (a), and such financial statements shall not, in the judgment of the Administrative Agent, disclose any Material Adverse Change in the consolidated financial position of the Borrower from what was reflected in the financial statements previously furnished to the Administrative Agent;

(xii) A statement disclosing Permitted Existing Liens on the assets of the Borrower and its Subsidiaries satisfactory to the Administrative Agent;

(xiii) Results of a recent lien search in each relevant jurisdiction with respect to the Borrower, and such search shall reveal no liens on any of the assets of the Borrower except for the Permitted Existing Liens;

(xiv) All documents and instrument required to perfect the Administrative Agent's security interests in the Collateral shall have been executed and be in proper form for filing;

(xv) Certificates of insurance evidencing property and liability insurance reasonably satisfactory to the Administrative Agent.

(xvi) A certificate from the Chief Financial Officer or Vice President, Finance of the Borrower which shall document that the Borrower is Solvent both before and after entering into this Agreement and the transactions contemplated hereby.

(xvii) Projected income statements, balance sheets and cash flow statements prepared by the Borrower and giving effect to the transactions contemplated hereby and the use of the proceeds therefrom in form and substance satisfactory to the Administrative Agent and the Lenders.

(xviii) Evidence satisfactory to the Administrative Agent that the Closing PUHCA Notice has been duly filed with the Securities Exchange Commission by Borrower.

(xix) Such other documents as the Administrative Agent or any Lender or its counsel may have reasonably requested, including, without limitation all of the documents reflected on the List of Closing Documents attached as Exhibit G to this Agreement.

5.2. Each Advance and Letter of Credit. The Lenders shall not be required to make any Advance or issue any Letter of Credit, unless on the applicable Borrowing Date, or in the case of a Letter of Credit, the date on which the Letter of Credit is to be issued:

(i) There exists no Default or Unmatured Default; and

(ii) The representations and warranties contained in Article VI are true and correct as of such Borrowing Date except for changes in the Schedules to this Agreement reflecting transactions permitted by this Agreement.

Each Borrowing Notice with respect to each such Advance and the letter of credit application with respect to a Letter of Credit shall constitute a representation and warranty by the Borrower that the conditions contained in Sections 5.2(i) and (ii) have been satisfied. Any Lender may require a duly completed officer's certificate in substantially the form of Exhibit H hereto and/or a duly completed compliance certificate in substantially the form of Exhibit I hereto as a condition to making an Advance.

ARTICLE VI. REPRESENTATIONS AND WARRANTIES

In order to induce the Administrative Agent and the Lenders to enter into this Agreement and to make the Loans and the other financial accommodations to the Borrower and to issue the Letters of Credit described herein, the Borrower represents and warrants as follows to each Lender and the Administrative Agent as of the Closing Date, and thereafter on each date as required by Section 5.2:

6.1. Organization; Corporate Powers. The Borrower (i) is a limited liability company (or, if converted to a corporation as permitted by Section 7.2(A) hereof, a corporation) duly organized, validly existing and in existence under the laws of the jurisdiction of its organization, (ii) is duly qualified to do business as a foreign entity and is in good standing under the laws of each jurisdiction in which failure to be so qualified and in good standing could not reasonably be expected to have a Material Adverse Effect, and (iii) has all requisite power and authority to own, operate and encumber its property and to conduct its business as presently conducted and as proposed to be conducted. GPE owns, directly or indirectly, over ninety-nine percent (99%) of the outstanding Equity Interests of the Borrower.

6.2. Authority.

(A) The Borrower has the requisite power and authority to execute, deliver and perform each of the Loan Documents.

(B) The execution, delivery and performance of each of the Loan Documents which have been executed as required by this Agreement or otherwise on or prior to the Closing Date and to which the Borrower is party, and the consummation of the transactions contemplated thereby, have been duly approved by the board of directors and, if necessary, the members of the Borrower, and such approvals have not been rescinded. No other action or proceedings on the part of the Borrower are necessary to consummate such transactions.

(C) Each of the Loan Documents to which the Borrower is a party has been duly executed, delivered or filed, as the case may be, by it and constitutes its legal, valid and binding obligation, enforceable against it in accordance with its terms (except as enforceability may be limited by bankruptcy, insolvency, or similar laws affecting the enforcement of creditors' rights generally), is in full force and effect and no material term or condition thereof has been amended, modified or waived from the terms and conditions contained in the Loan Documents delivered to the Administrative Agent pursuant to Section 5.1 without the prior written consent of the Required Lenders, and the Borrower have, and, to the best of the Borrower's knowledge, all other parties thereto have, performed and complied with all the terms, provisions, agreements and conditions set forth therein and required to be performed or complied with by such parties on or before the Closing Date, and no unmatured default, default or breach of any covenant by any such party exists thereunder.

6.3. No Conflict; Governmental Consents. The execution, delivery and performance of each of the Loan Documents to which the Borrower is a party do not and will not (i) conflict with the articles of organization or operating agreement of the Borrower, (ii) constitute a tortious interference with any Contractual Obligation of any Person or conflict with, result in a breach of or constitute (with or without notice or lapse of time or both) a default under any Requirement of Law (including, without limitation, PUHCA, FPA or any Environmental Property Transfer Act) or Contractual Obligation of the Borrower, or require termination of any Contractual Obligation, except such interference, breach, default or termination which individually or in the aggregate could not reasonably be expected to have a Material Adverse Effect, (iii) result in or require the creation or imposition of any Lien whatsoever upon any of the property or assets of the Borrower, other than Liens permitted by the Loan Documents, or (iv) require any approval of the Borrower's members except such as have been obtained. Except as set forth on Schedule 6.3 to this Agreement, the execution, delivery and performance of each of the Loan Documents to which the Borrower is a party do not and will not require any registration with, consent or approval of, or notice to, or other action to, with or by any Governmental Authority, including under any Environmental Property Transfer Act, except filings, consents or notices which have been made, obtained or given, or which, if not made, obtained or given, individually or in the aggregate could not reasonably be expected to have a Material Adverse Effect.

6.4. Financial Statements. Complete and accurate copies of the following financial statements and the following related information have been delivered to the Administrative Agent: the balance sheet of the Borrower as at December 31, 2001, 2002 and 2003 and the related combined statements of income, changes in stockholders' equity and cash flows of the Borrower for the fiscal years then ended, and the audit reports related thereto.

6.5. No Material Adverse Change. (A) Since December 31, 2003 up to the Closing Date, there has occurred no material adverse change in the business, financial condition, operations or prospects of the Borrower taken as a whole or any other event which has had or could reasonably be expected to result in a Material Adverse Effect.

(B) Since the Closing Date, there has occurred no event which has had or could reasonably be expected to result in a Material Adverse Effect.

6.6. Taxes.

(A) Tax Examinations. All deficiencies which have been asserted against the Borrower as a result of any federal, state, local or foreign tax examination for each taxable year in respect of which an examination has been conducted have been fully paid or finally settled or are being contested in good faith, and as of the Closing Date no issue has been raised by any taxing authority in any such examination which, by application of similar principles, reasonably can be expected to result in assertion by such taxing authority of a material deficiency for any other year not so examined which has not been reserved for in the Borrower's consolidated financial statements to the extent, if any, required by Agreement Accounting Principles. Except as permitted pursuant to Section 7.2(D), Borrower does not anticipate any material tax liability with respect to the years which have not been closed pursuant to applicable law.

(B) Payment of Taxes. Except as described on Schedule 6.6, all tax returns and reports of the Borrower required to be filed have been timely filed, and all taxes, assessments, fees and other governmental charges thereupon and upon their respective property, assets, income and franchises which are shown in such returns or reports to be due and payable have been paid except those items which are being contested in good faith and have been reserved for in accordance with Agreement Accounting Principles. The Borrower has no knowledge of any proposed tax assessment against the Borrower that will have or could reasonably be expected to have a Material Adverse Effect.

6.7. Litigation; Loss Contingencies and Violations. Except as set forth in Schedule 6.7 to this Agreement, which lists all pending litigation involving individual claims against the Borrower of more than $1,000,000.00, there is no action, suit, proceeding, arbitration or (to the Borrower's knowledge) investigation before or by any Governmental Authority or private arbitrator pending or, to the Borrower's knowledge, threatened against the Borrower or any property of any of them which will

have or could reasonably be expected to have a Material Adverse Effect. There is no material loss contingency within the meaning of Agreement Accounting Principles which has not been reflected in the consolidated financial statements of the Borrower prepared and delivered pursuant to Section 7.1(A) for the fiscal period during which such material loss contingency was incurred. The Borrower is not (A) in violation of any applicable Requirements of Law which violation will have or could reasonably be expected to have a Material Adverse Effect, or (B) subject to or in default with respect to any final judgment, writ, injunction, restraining order or order of any nature, decree, rule or regulation of any court or Governmental Authority which will have or could reasonably be expected to have a Material Adverse Effect.

6.8. Subsidiaries. As of the date of this Agreement and as of the Closing Date, the Borrower has no Subsidiaries.

6.9. ERISA. Except as disclosed on Schedule 6.9, no Benefit Plan has incurred any accumulated funding deficiency (as defined in Sections 302(a)(2) of ERISA and 412(a) of the Code) whether or not waived. Neither the Borrower nor any member of the Controlled Group has incurred any liability to the PBGC which remains outstanding other than the payment of premiums, and there are no premium payments which have become due which are unpaid. To Borrower's knowledge, Schedule B to the most recent annual report filed with the IRS with respect to each Benefit Plan and furnished to the Lenders is complete and accurate. Neither the Borrower nor any member of the Controlled Group is a participating employer in a Multiemployer Plan or (ii) made a complete or partial withdrawal under Sections 4203 or 4205 of ERISA from a Multiemployer Plan. Neither the Borrower nor any member of the Controlled Group has failed to make a required installment or any other required payment under Section 412 of the Code on or before the due date for such installment or other payment. Neither the Borrower nor any member of the Controlled Group is required to provide security to a Benefit Plan under Section 401(a)(29) of the Code due to a Benefit Plan amendment that results in an increase in current liability for the plan year. The Borrower does not maintain or contribute to any employee welfare benefit plan within the meaning of Section 3(1) of ERISA which provides benefits to employees after termination of employment other than as required by Section 601 of ERISA. To Borrower's knowledge, each Plan which the Borrower maintains or contributes to and that is intended to be qualified under Section 401(a) of the Code as currently in effect is so qualified, and each trust related to any such Plan is exempt from federal income tax under Section 501(a) of the Code as currently in effect. The Borrower is in compliance in all material respects with the responsibilities, obligations and duties imposed on it by ERISA and the Code with respect to all Plans, except for such matters which could reasonably be expected to subject the Borrower to liability of less than $1,000,000.00. To Borrower's knowledge, neither the Borrower nor any fiduciary of any Plan has engaged in a nonexempt prohibited transaction described in Sections 406 of ERISA or 4975 of the Code which could reasonably be expected to subject the Borrower to liability in excess of $1,000,000.00. To Borrower's knowledge, neither the Borrower nor any member of the Controlled Group has taken or failed to take any action which would constitute or result in a Termination Event, which action or inaction could reasonably be expected to subject the Borrower to liability in excess of $1,000,000.00. Neither the Borrower nor any Subsidiary is subject to any liability under Sections 4062, 4063, 4064 or 4069 of ERISA and no other member of the Controlled Group is subject to any liability under Sections 4062, 4063, 4064 or 4069 of ERISA which could reasonably be expected to subject the Borrower to liability in excess of $1,000,000.00. The Borrower does not have, by reason of the transactions contemplated hereby, any obligation to make any payment to any employee pursuant to any Plan or existing contract or arrangement.

6.10. Accuracy of Information. The information, exhibits and reports furnished by or on behalf of the Borrower to the Administrative Agent or to any Lender in connection with the negotiation of, or compliance with, the Loan Documents, the representations and warranties of the Borrower contained in the Loan Documents, and all certificates and documents delivered to the Administrative Agent and the Lenders pursuant to the terms thereof, taken as a whole, do not contain as of the date furnished any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements contained herein or therein, in light of the circumstances under which they were made, not misleading.

6.11. Securities Activities. The Borrower is not engaged in the business of extending credit for the purpose of purchasing or carrying Margin Stock.

6.12. Material Agreements. The Borrower has not received notice or has knowledge that (i) it is in default in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any Contractual Obligation applicable to it, or (ii) any condition exists which, with the giving of notice or the lapse of time or both, would constitute a default with respect to any such Contractual Obligation, in each case, except where such default or defaults, if any, individually or in the aggregate will not have or could not reasonably be expected to have a Material Adverse Effect. Set forth on Schedule 6.12 to this Agreement is a list of all energy purchase contracts and, if applicable, all related security, performance assurance, disbursement, collateral assignment and option to acquire retail contracts and other related agreements to which Borrower is a party and pursuant to which Borrower has granted a Lien in certain assets not inconsistent with the restriction on Liens contained in Section 7.3(C) of this Agreement to secure its obligations thereunder, which Schedule 6.12 may be revised from time to time by the Borrower submitting a revised Schedule to the Administrative Agent and the Lenders so long as any additions to such Schedule conform to the restrictions on Liens contained in Section 7.3(C) of this Agreement (the "Energy Purchase Contracts").

6.13. Compliance with Laws. The Borrower is in compliance with all Requirements of Law applicable to them and their respective businesses, in each case where the failure to so comply individually or in the aggregate could reasonably be expected to have a Material Adverse Effect.

6.14. Assets and Properties. The Borrower has good and marketable title to all of its material assets and properties (tangible and intangible, real or personal) owned by it or a valid leasehold interest in all of its material leased assets (except insofar as marketability may be limited by any laws or regulations of any Governmental Authority affecting such assets), and all such assets and property are free and clear of all Liens, except Liens permitted under Section 7.3(C). Substantially all of the assets and

properties owned by, leased to or used by the Borrower are in adequate operating condition and repair, ordinary wear and tear excepted. Neither this Agreement nor any other Loan Document, nor any transaction contemplated under any such agreement, will affect any right, title or interest of the Borrower in and to any of such assets in a manner that would have or could reasonably be expected to have a Material Adverse Effect.

6.15. Statutory Indebtedness Restrictions. The Borrower is a "subsidiary company" of a "holding company" within the meaning of PUHCA. The Borrower and GPE have all necessary authorization required for the transactions contemplated by the Loan Documents under PUHCA, FPA or any other state or federal laws or regulations similar or related thereto and the execution, delivery and performance of the Loan Documents to which the Borrower or GPE is a party do not and will not violate PUHCA or FPA or require any registration with, consent or approval of, or notice to, or any other action to, with or by any Governmental Authority under PUHCA, FPA or any other state or federal laws or regulations similar or related thereto, other than (i) the filing of a notice by Borrower under PUHCA with the Securities and Exchange Commission of the credit facility evidenced by the Loan Documents within ten (10) days of the Closing Date (the "Closing PUHCA Notice"), and (ii) the reporting of the GPE Guaranty and the Subordination Agreement in one or more quarterly certificates pursuant to Rule 24 of PUHCA (the "Quarterly PUHCA Notice"). Except as specified in the proceeding sentence, the Borrower is not subject to regulation under the Investment Company Act of 1940, or any other federal or state statute or regulation which limits its ability to incur indebtedness or its ability to consummate the transactions contemplated hereby.

6.16. Insurance. The Borrower maintains insurance policies and programs reasonably consistent with prudent industry practice.

6.17. Labor Matters. As of the Closing Date, no attempt to organize the employees of the Borrower, and no labor disputes, strikes or walkouts affecting the operations of the Borrower, is pending, or, to the Borrower's knowledge, threatened, planned or contemplated.

6.18. Environmental Matters.

(A) Except as disclosed on Schedule 6.18 to this Agreement

(i) the operations of the Borrower comply in all material respects with Environmental, Health or Safety Requirements of Law;

(ii) the Borrower has all permits, licenses or other authorizations required under Environmental, Health or Safety Requirements of Law and are in material compliance with such permits;

(iii) neither the Borrower nor any of their respective present property or operations, or, to the best of, the Borrower's knowledge, any of their respective past property or operations, are subject to or the subject of, any investigation known to the Borrower, any judicial or administrative proceeding, order, judgment, decree, settlement or other agreement respecting: (A) any material violation of Environmental, Health or Safety Requirements of Law; (B) any remedial action; or (C) any material claims or liabilities arising from the Release or threatened Release of a Contaminant into the environment;

(iv) there is not now, nor to the best of the Borrower's knowledge has there ever been on or in the property of the Borrower any landfill, waste pile, underground storage tanks, aboveground storage tanks, surface impoundment or hazardous waste storage facility of any kind, any polychlorinated biphenyls (PCBs) used in hydraulic oils, electric transformers or other equipment, or any asbestos containing material which in any such case could reasonably be expected to result in material liability for the Borrower; and

(v) the Borrower does not have any material Contingent Obligation in connection with any Release or threatened Release of a Contaminant into the environment.

(B) For purposes of this Section 6.18 "material" means any noncompliance or basis for liability which could reasonably be likely to subject the Borrower to liability in excess of $1,000,000.00.

6.19. Solvency. After giving effect to the (i) Loans to be made on the Closing Date or such other date as Loans requested hereunder are made and the consummation of the other transactions contemplated by this Agreement and (ii) the payment and accrual of all Transaction Costs with respect to the foregoing, the Borrower is Solvent.

6.20. Supplemental Disclosure. At any time at the request of the Administrative Agent and at such additional times as the Borrower determines, the Borrower shall supplement each schedule or representation herein or in the other Loan Documents with respect to any matter hereafter arising which, if existing or occurring at the Closing Date, would have been required to be set forth or described in such schedule or as an exception to such representation or which is necessary to correct any information in such schedule or representation which has been rendered inaccurate thereby. If any such supplement to such schedule or representation discloses the existence or occurrence of events, facts or circumstances which are restricted or prohibited by the terms of this Agreement or any other Loan Documents, such supplement to such schedule or representation shall not be deemed an amendment thereof unless expressly consented to in writing by the Administrative Agent and the Required Lenders, and no such amendments, except as the same may be consented to in a writing which expressly includes a waiver, shall be or be deemed a waiver by the Administrative Agent or any Lender of any Default disclosed therein. Any items disclosed in any such supplemental disclosures shall be included in the calculation of any limits, baskets or similar restrictions contained in this Agreement or any of the other Loan Documents.

ARTICLE VII. COVENANTS

The Borrower covenants and agrees that so long as any Commitments are outstanding and thereafter until payment in full of all of the Obligations (other than contingent indemnity obligations), unless the Required Lenders shall otherwise give prior written consent:

7.1. Reporting. The Borrower shall:

(A) Financial Reporting. Furnish to the Lenders:

(i) Monthly Reports. As soon as practicable, and in any event within twenty (20) days after the end of each calendar month, the consolidated balance sheet of the Borrower and its Subsidiaries as at the end of such period and the related consolidated statements of income and cash flows of the Borrower and its Subsidiaries for such calendar month and for the period from the beginning of the then current fiscal year to the end of such calendar month, certified by the Vice President, Finance or the Chief Financial Officer of the Borrower on behalf of the Borrower as fairly presenting the consolidated financial position of the Borrower and its Subsidiaries as at the dates indicated and the results of their operations and cash flows for the periods indicated in accordance with Agreement Accounting Principles except for the omission of full footnotes which may be required under Agreement Accounting Principles, subject to normal year end adjustments.

(ii) Annual Reports. As soon as practicable, and in any event within ninety (90) days after the end of each fiscal year, (a) the consolidated balance sheet of the Borrower and its Subsidiaries as at the end of such fiscal year and the related consolidated statements of income, stockholders' equity and cash flows of the Borrower and its Subsidiaries for such fiscal year, and in comparative form the corresponding figures for the previous fiscal year, and (b) an audit report on the items listed in clause (a) hereof of independent certified public accountants of recognized national standing, which audit report shall be unqualified and shall state that such financial statements fairly present the consolidated financial position of the Borrower and its Subsidiaries as at the dates indicated and the results of their operations and cash flows for the periods indicated in conformity with Agreement Accounting Principles and that the examination by such accountants in connection with such consolidated financial statements has been made in accordance with generally accepted auditing standards.

(iii) Officer's Certificate. Together with each delivery of any financial statement (a) pursuant to clauses (i), and (ii) of this Section 7.1(A), an Officer's Certificate of the Borrower, substantially in the form of Exhibit H attached hereto and made a part hereof, stating that no Default or Unmatured Default exists, or if any Default or Unmatured Default exists, stating the nature and status thereof and (b) within forty-five (45) days after the end of each fiscal quarter in each fiscal year and, together with the delivery of financial statements pursuant to clause (ii) of this Section 7.1(A), a compliance certificate, substantially in the form of Exhibit I attached hereto and made a part hereof, signed by the Borrower's Vice President, Finance or Chief Financial Officer, which (i) demonstrate compliance, when applicable, with the provisions of Section 7.4, (ii) calculate the Leverage Ratio for purposes of determining the then Applicable Floating Rate Margin, Applicable Eurodollar Margin, Applicable L/C Fee Percentage and Applicable Commitment Fee Percentage, and (iii) calculate the Borrower Fixed Charge Ratio (as defined in the GPE Guaranty), and, if the Borrower Fixed Charge Ratio is less than the Minimum Fixed Charge Ratio (as defined in the GPE Guaranty), calculate the GPE Guarantee Increase and the Additional Guaranty Amount (both as defined in the GPE Guaranty), (iv) states the aggregate amount of Capital Expenditures incurred by the Borrower since the Closing Date, and (v) identifies Indebtedness incurred in such fiscal quarter pursuant to Section 7.3(A)(vi) and (viii). A copy of the officer's certificate referred to in Subsection (b) above shall also be provided to GPE.

(iv) Business Plans; Financial Projections. As soon as practicable and in any event not later than thirty (30) days after the beginning of each fiscal year, a copy of the business plan and forecast (including a projected balance sheet, income statement and a statement of cash flow) of the Borrower and its Subsidiaries for the next succeeding fiscal year prepared in such detail as shall be reasonably satisfactory to the Administrative Agent;

(v) Updated Schedules. As soon as practicable, and in any event within twenty (20) days of the close of each calendar quarter, an updated schedule of Energy Purchase Contracts (Schedule 6.12) and Segregated Accounts (Schedule 1.1.4), provided that any updated schedule of Segregated Accounts shall include a listing the names of the Borrower's customers whose energy payments owing to the Borrower are being deposited therein;

(vi) Credit and Collection Policy. As soon as practicable, and in any event within twenty (20) days after the close of the calendar quarter in which such change was instituted, notice of any changes to the credit and collection policy of the Borrower;

(vii) Distributions. As soon as practicable, and in any event within twenty (20) days after the close of the calendar quarter in which a Distribution was declared or paid, a schedule of all Distributions declared or made by the Borrower; and

(viii) Quarterly Reports. As soon as practicable, but in any event within forty-five (45) days after the end of each fiscal quarter, a narrative analysis prepared by management of the Borrower of the financial condition and results of operations of the Borrower as of the end of such fiscal quarter.

(B) Notice of Default. Promptly upon any Authorized Officer of the Borrower obtaining knowledge (i) of any condition or event which constitutes a Default or Unmatured Default, or becoming aware that any Lender or Administrative Agent has given any written notice with respect to a claimed Default or Unmatured Default under this Agreement, or (ii) that any Person has given any written notice to the Borrower or any Subsidiary of the Borrower or taken any other action with respect to a claimed default or event or condition of the type referred to in Section 8.1(E), deliver to the Administrative Agent and the Lenders an

Officer's Certificate specifying (a) the nature and period of existence of any such claimed default, Default, Unmatured Default, condition or event, (b) the notice given or action taken by such Person in connection therewith, and (c) what action the Borrower has taken, is taking and proposes to take with respect thereto.

(C) Lawsuits. (i) Upon the Borrower obtaining knowledge of the institution of, or written threat of, any action, suit, proceeding, governmental investigation or arbitration against or affecting the Borrower or any of its Subsidiaries or any property of the Borrower or any of its Subsidiaries not previously disclosed pursuant to Section 6.7, which action, suit, proceeding, governmental investigation or arbitration exposes, or in the case of multiple actions, suits, proceedings, governmental investigations or arbitrations arising out of the same general allegations or circumstances which expose, in the Borrower's reasonable judgment, the Borrower or any of its Subsidiaries to liability in an amount aggregating $2,500,000.00 or more, give written notice thereof to the Administrative Agent and the Lenders and provide such other information as may be reasonably available to enable each Lender and the Administrative Agent and its counsel to evaluate such matters; and (ii) in addition to the requirements set forth in clause (i) of this Section 7.1(C), upon request of the Administrative Agent or the Required Lenders, promptly give written notice of the status of any action, suit, proceeding, governmental investigation or arbitration covered by a report delivered pursuant to clause (i) above and provide such other information as may be reasonably available to it that would not violate any attorney-client privilege by disclosure to the Lenders to enable each Lender and the Administrative Agent and its counsel to evaluate such matters.

(D) ERISA Notices. Deliver or cause to be delivered to the Administrative Agent and the Lenders, at the Borrower's expense, the following information and notices:

(i) (a) upon the Borrower obtaining knowledge that a Termination Event has occurred, a written statement of the Vice President, Finance or the Chief Financial Officer of the Borrower describing such Termination Event and the action, if any, which the Borrower has taken, is taking or proposes to take with respect thereto, and when known, any action taken or threatened by the IRS, DOL or PBGC with respect thereto and (b) within ten (10) Business Days after any member of the Controlled Group obtains knowledge that a Termination Event has occurred which could reasonably be expected to subject the Borrower to liability in excess of $1,000,000.00, a written statement of the Vice President, Finance or the Chief Financial Officer of the Borrower describing such Termination Event and the action, if any, which the member of the Controlled Group has taken, is taking or proposes to take with respect thereto, and when known, any action taken or threatened by the IRS, DOL or PBGC with respect thereto;

(ii) upon the Borrower obtaining knowledge that a prohibited transaction (defined in Sections 406 of ERISA and Section 4975 of the Code) with regard to any Plan has occurred which could reasonably be expected to subject the Borrower to liability in excess of $1,000,000.00, a statement the Vice President, Finance or the Chief Financial Officer of the Borrower describing such transaction and the action which the Borrower has taken, is taking or proposes to take with respect thereto;

(iii) upon the Borrower obtaining knowledge of a material increase in the benefits of any existing Plan which the Borrower maintains or contributes to or the establishment of any new Benefit Plan or the commencement of, or obligation to commence, contributions to any Benefit Plan or Multiemployer Plan to which neither the Borrower nor any member of the Controlled Group was previously contributing, notification of such increase, establishment, commencement or obligation to commence and the amount of such contributions;

(iv) upon the Borrower receiving notice of any unfavorable determination letter from the IRS regarding the qualification under Section 401(a) of the Code of a Plan which the Borrower maintains or contributes, copies of each such letter;

(v) upon the Borrower obtaining knowledge of the establishment of any foreign employee benefit plan which the Borrower maintains or contributes to or the commencement of, or obligation to commence, contributions to any foreign employee benefit plan to which the Borrower was not previously contributing, notification of such establishment, commencement or obligation to commence and the amount of such contributions;

(vi) upon the request of the Administrative Agent copies of each annual report (form 5500 series), including Schedule B thereto, filed with respect to each Benefit Plan;

(vii) upon the request of the Administrative Agent, copies of each actuarial report for any Benefit Plan or Multiemployer Plan and each annual report for any Multiemployer Plan;

(viii) upon the Borrower obtaining knowledge of the filing thereof with the IRS, a copy of each funding waiver request filed with respect to any Benefit Plan and all communications received by the Borrower or a member of the Controlled Group with respect to such request;

(ix) upon receipt by the Borrower or the Borrower obtains knowledge of the receipt by any member of the Controlled Group of the PBGC's intention to terminate a Benefit Plan or to have a trustee appointed to administer a Benefit Plan, copies of each such notice;

(x) upon receipt by the Borrower or the Borrower obtains knowledge of the receipt by any member of the Controlled Group of a notice from a Multiemployer Plan regarding the imposition of withdrawal liability, copies of each such notice;

(xi) after the Borrower fails to make, or the Borrower obtains knowledge of the failure of any member of the Controlled Group to make, a required installment or any other required payment under Section 412 of the Code on or before the due date for such installment or payment, a notification of such failure; and

(xii) after the Borrower knows or has reason to know, or Borrower obtains knowledge that any member of the Controlled Group knows or has reason to know, that (a) a Multiemployer Plan has been terminated, (b) the administrator or plan sponsor of a Multiemployer Plan intends to terminate a Multiemployer Plan, or (c) the PBGC has instituted or will institute proceedings under Section 4042 of ERISA to terminate a Multiemployer Plan.

(E) Labor Matters. Notify the Administrative Agent and the Lenders in writing, upon the Borrower's learning thereof, of (i) any material labor dispute to which the Borrower may become a party, including, without limitation, any strikes, lockouts or other disputes relating to such Persons' plants and other facilities and (ii) any material Worker Adjustment and Retraining Notification Act liability incurred with respect to the closing of any plant or other facility of the Borrower or any of its Subsidiaries.

(F) Other Indebtedness. Deliver to the Administrative Agent (i) a copy of each regular report, notice or communication regarding potential or actual defaults (including any accompanying officer's certificate) delivered by or on behalf of the Borrower to the holders of Funded Indebtedness pursuant to the terms of the agreements governing such Funded Indebtedness, such delivery to be made at the same time and by the same means as such notice or other communication is delivered to such holders, and (ii) a copy of each notice or other communication received by the Borrower from the holders of Funded Indebtedness pursuant to the terms of such Funded Indebtedness, such delivery to be made promptly after such notice or other communication is received by the Borrower.

(G) Other Reports. Deliver or cause to be delivered to the Administrative Agent and the Lenders copies of (i) all financial statements, reports, proxy statements and notices, if any, sent or made available generally by the Borrower or the Guarantors to their respective securities holders or filed with the Commission under the Securities Exchange Act of 1934 and the rules promulgated thereunder by the Borrower or the Guarantors, (ii) all press releases made available generally by the Borrower or any of the Borrower's Subsidiaries to the public concerning material developments in the business of the Borrower or any such Subsidiary; and (iii) all notifications received from the Commission by the Borrower or any such Subsidiary or the Guarantors pursuant to the Securities Exchange Act of 1934 and the rules promulgated thereunder. The statements and reports required to be furnished by the Borrower pursuant to (i) above shall be deemed furnished for such purpose upon being publicly available on the Commission's EDGAR web page.

(H) Environmental Notices. A copy of (i) any notice or claim to the effect that the Borrower or any of its Subsidiaries is or may be liable to any Person as a result of the Release by the Borrower or any of its Subsidiaries or any other Person of any Contaminant into the environment, and (ii) any notice alleging any violation of any Environmental, Health or Safety Requirements of Law by the Borrower or any of its Subsidiaries if, in either case, such notice or claim relates to an event which could reasonably be expected to subject the Borrower to liability in excess of $1,000,000.00.

(I) Other Information. Upon receiving a request therefor from the Administrative Agent, prepare and deliver to the Administrative Agent and the Lenders such other information with respect to the Borrower, any of its Subsidiaries, or the Collateral, including, without limitation, schedules identifying and describing the Collateral and any dispositions thereof, as from time to time may be reasonably requested by the Administrative Agent.

7.2. Affirmative Covenants.

(A) Existence, Etc. The Borrower shall at all times maintain its existence as a limited liability company (but may convert to a corporation if (i) such conversion will not be adverse to the interests of the Lenders, and (ii) the Borrower enters into any amendments to the Loan Documents deemed appropriate by the Administrative Agent) and preserve and keep, or cause to be preserved and kept, in full force and effect its rights and franchises material to its businesses, except to the extent permitted by Section 7.3(I).

(B) Corporate Powers; Conduct of Business. The Borrower, and shall cause each of its Subsidiaries to, shall qualify and remain qualified to do business in each jurisdiction in which the nature of its business requires it to be so qualified and where the failure to be so qualified will have or could reasonably be expected to have a Material Adverse Effect. The Borrower will carry on and conduct its business in substantially the same manner and in substantially the same fields of enterprise as it is presently conducted.

(C) Compliance with Laws, Etc. The Borrower shall, and cause each of its Subsidiaries to, (a) comply with all Requirements of Law and all restrictive covenants affecting such Person or the business, properties, assets or operations of such Person including, but not limited to, timely filing all Quarterly PUHCA Notices, (b) obtain as needed all licenses and permits necessary for its operations and maintain such licenses and permits in good standing, unless failure to comply or obtain could not reasonably be expected to have a Material Adverse Effect, (c) without limiting clause (a) above, ensure that no person who owns a controlling interest in or otherwise controls a Borrower is or shall be (i) listed on the Specially Designated Nationals and Blocked Person List maintained by the Office of Foreign Assets Control ("OFAC"), Department of the Treasury, and/or any other similar lists maintained by OFAC pursuant to any authorizing statute, Executive Order or regulation or (ii) a person designated under Section 1(b), (c) or (d) of Executive Order No. 13224 (September 23, 2001), and related enabling legislation or any other similar Executive Orders, and (d) without limiting clause (a) above, comply with all applicable Bank Secrecy Act ("BSE") and anti-money laundering laws and regulations.

(D) Payment of Taxes and Claims; Tax Consolidation. The Borrower shall pay, and cause each of its Subsidiaries to, (i) all material taxes, assessments and other governmental charges imposed upon it or on any of its properties or assets or in respect of any of its franchises, business, income or property before any penalty or interest accrues thereon, and (ii) all material claims (including, without limitation, claims for labor, services, materials and supplies) for sums which have become due and payable and

which by law have or may become a Lien (other than a Lien permitted by Section 7.3(C)) upon any of the Borrower's or such Subsidiary's property or assets, prior to the time when any penalty or fine shall be incurred with respect thereto; provided, however, that no such taxes, assessments and governmental charges referred to in clause (i) above or claims referred to in clause (ii) above (and interest, penalties or fines relating thereto) need be paid if being contested in good faith by appropriate proceedings diligently instituted and conducted and if such reserve or other appropriate provision, if any, as shall be required in conformity with Agreement Accounting Principles shall have been made therefor. For purposes of clauses (i) and (ii) above, "material" shall mean an amount in excess of $10,000.00 in the aggregate.

(E) Insurance. The Borrower shall, and cause each of its Subsidiaries to, maintain in full force and effect insurance policies and programs reasonably consistent with prudent industry practice. The Borrower shall deliver to the Administrative Agent insurance certificates and endorsements (y) to all "All Risk" physical damage insurance policies on all of the Borrower's tangible real and personal property and assets and business interruption insurance policies naming the Administrative Agent loss payee, and (z) to all general liability and other liability policies naming the Administrative Agent an additional insured. In the event the Borrower at any time or times hereafter shall fail to obtain or maintain any of the policies or insurance required herein or to pay any premium in whole or in part relating thereto, then the Administrative Agent, without waiving or releasing any obligations or resulting Default hereunder, may at any time or times thereafter (but shall be under no obligation to do so) obtain and maintain such policies of insurance and pay such premiums and take any other action with respect thereto which the Administrative Agent deems advisable. All sums so disbursed by the Administrative Agent shall constitute part of the Obligations, payable as provided in this Agreement.

(F) Inspection of Property; Books and Records; Discussions. The Borrower shall, and if a Default or Unmatured Default has occurred and is continuing, cause each of its Subsidiaries to, permit any authorized representative(s) designated by any of the Lenders to visit and inspect any of the properties of the Borrower, to examine, audit, check and make copies of their respective financial and accounting records, books, journals, orders, receipts and any correspondence and other data relating to their respective businesses or the transactions contemplated hereby (including, without limitation, in connection with environmental compliance, hazard or liability), and to discuss their affairs, finances and accounts with their officers and independent certified public accountants, all upon reasonable notice and at such reasonable times during normal business hours, as often as may be reasonably requested. The Borrower shall keep and maintain in all material respects, proper books of record and account in which entries in conformity with Agreement Accounting Principles shall be made of all dealings and transactions in relation to their respective businesses and activities. If a Default has occurred and is continuing, the Borrower, upon the Administrative Agent's request, shall turn over any such records to the Administrative Agent or its representatives.

(G) ERISA Compliance. The Borrower shall, and cause each of its Subsidiaries to, establish, maintain and operate all Plans to which they contribute to in compliance with all material respects with the provisions of ERISA, the Code, all other applicable laws, and the regulations and interpretations thereunder and the respective requirements of the governing documents for such Plans, except for such matters that would reasonably be expected to result in liability of the Borrower or its Subsidiaries of less than $1,000,000.00.

(H) Maintenance of Property. The Borrower shall, and cause each of its Subsidiaries to, cause all property used or useful in the conduct of its business to be maintained and kept in good condition, repair and working order and supplied with all necessary equipment and shall cause to be made all necessary repairs, renewals, replacements, betterments and improvements thereof, all as in the judgment of the Borrower may be necessary so that the business carried on in connection therewith may be properly and advantageously conducted at all times; provided, however, that nothing in this Section 7.2(H) shall prevent the Borrower from discontinuing the operation or maintenance of any of such property if such discontinuance is, in the judgment of the Borrower, desirable in the conduct of its business and not disadvantageous in any material respect to the Administrative Agent or the Lenders.

(I) Environmental Compliance. The Borrower shall comply with all Environmental, Health or Safety Requirements of Law, except where noncompliance will not have or is not reasonably likely to subject the Borrower to liability in excess of $1,000,000.00.

(J) Use of Proceeds. The Borrower shall use the proceeds of the Revolving Loans to (i) repay existing Indebtedness, (ii) provide funds for the additional working capital needs and other general corporate purposes of the Borrower, and (iii) provide funds for the payment of fees and expenses incurred in connection with the negotiation and documentation of this Agreement and the Loan Documents. The Borrower will not, nor will it permit any Subsidiary to, use any of the proceeds of the Loans to purchase or carry any Margin Stock. Letters of Credit issued hereunder will be used (i) to provide performance assurance of Borrower's obligations under the Energy Purchase Contracts, and (ii) for other general corporate purposes of the Borrower.

(K) Collateral Documents. Without in any way limiting the requirements and covenants set forth in the Collateral Documents, if, subsequent to the Closing Date, the Borrower or any Subsidiary shall acquire any intellectual property, securities, instruments, chattel paper or other personal property required to be delivered to the Administrative Agent as Collateral hereunder or under any of the Collateral Documents, the Borrower shall promptly (and in any event within five (5) Business Days) after any Authorized Officer of the Borrower acquires knowledge of same notify the Administrative Agent of same. The Borrower shall, and cause its Material Subsidiaries to, take such action at its own expense as reasonably requested by the Administrative Agent to ensure that the Administrative Agent has a first priority (subject to any applicable Lien permitted under Section 7.3(C)) perfected Lien to secure the Obligations in all owned real and personal property of the Borrower and its Material Subsidiaries. The Borrower shall, and cause its Material Subsidiaries to, adhere to the covenants set forth in the Collateral Documents, including, without limitation, the covenants regarding the location of personal property as set forth in the Security Agreements.

(L) Addition of Guarantors; Addition of Pledged Capital Stock and other Collateral. The Borrower shall cause each Material Subsidiary to deliver to the Administrative Agent an executed Guaranty and appropriate corporate resolutions, opinions and other documentation in form and substance reasonably satisfactory to the Administrative Agent, such Guaranty and other documentation to be delivered to the Administrative Agent as promptly as possible but in any event within thirty (30) days of the acquisition or formation of a new Material Subsidiary or an existing Subsidiary becoming a Material Subsidiary. Simultaneously with any Material Subsidiary becoming a Guarantor, the Borrower shall (or, if the Capital Stock of such Material Subsidiary is owned by another Subsidiary, shall cause such other Subsidiary to) deliver to the Administrative Agent a Pledge Agreement, together with appropriate corporate resolutions, opinions, stock certificates, UCC filings or amendments and other documentation, in each case in form and substance reasonably satisfactory to the Administrative Agent and the Administrative Agent shall be reasonably satisfied that the Administrative Agent has a first priority perfected pledge of all of the Capital Stock of such Guarantor owned by the Borrower and its Subsidiaries, or in the case such Guarantor is a foreign Material Subsidiary, 66% of the Capital Stock of such Guarantor owned by the Borrower. Simultaneously with any Material Subsidiary becoming a Guarantor, the Borrower shall also cause such Material Subsidiary (or, if such Material Subsidiary is a foreign Material Subsidiary, upon the request of the Administrative Agent) to (i) execute and deliver a Security Agreement (and deliver the other documents required thereby, including, without limitation, restricted account agreements), if applicable, Intellectual Property Agreements and such other Collateral Documents as the Administrative Agent or the Required Lenders may require its or their sole and reasonable discretion; and (ii) deliver such other documentation as the Administrative Agent may reasonably require in connection with the foregoing, including, without limitation, appropriate UCC financing statements, certified resolutions and other organizational and authorizing documents of such Material Subsidiary, favorable opinions of counsel to such Material Subsidiary (which shall cover, among other things, the legality, validity, binding effect and enforceability of the documentation referred to above and the perfection of the Administrative Agent's liens thereunder) and other items of the types required to be delivered by the Borrower and its Subsidiaries pursuant to Section 5.1 as of the Closing Date, all in form, content and scope reasonably satisfactory to the Administrative Agent.

(M) Insurance and Condemnation Proceeds. If a Default or Unmatured Default shall have occurred and be continuing, the Borrower shall direct all insurers under policies of property damage, boiler and machinery and business interruption insurance and payors of any condemnation claim or award relating to the Collateral to pay all proceeds (the "Proceeds") payable under such policies or with respect to such claim or award for any loss with respect to the Collateral directly to the Administrative Agent, for the benefit of the Administrative Agent and the Holders of the Obligations. If no Default or Unmatured Default shall have occurred and be continuing, promptly after the receipt of any Proceeds the Borrower shall repair or replace the Collateral or other assets the loss or damage of which gave rise to such Proceeds; provided, however, that upon the earlier to occur of (a) 120 days after the Borrower receives such Proceeds or (b) the occurrence of a Default or an Unmatured Default, the Borrower shall return any Proceeds not so used to repair or replace such Collateral or other assets at such time to the Administrative Agent. The Administrative Agent shall apply the same to the principal amount of the Obligations outstanding at the time of such receipt or hold them as cash collateral for the Obligations.

(N) Reportable Transaction. Borrower does not intend to treat the Loans and related transactions as being a "reportable transaction (within the meaning of Treasury Regulation Section 1.6011-4). In the event Borrower determines to take any action inconsistent with such intention, it will promptly notify the Administrative Agent thereof.

7.3. Negative Covenants.

(A) Indebtedness. The Borrower nor any of its Subsidiaries shall directly or indirectly create, incur, assume or otherwise become or remain directly or indirectly liable with respect to any Indebtedness, except:

(i) the Obligations;

(ii) the Subordinated Debt;

(iii) Permitted Existing Indebtedness;

(iv) Indebtedness in respect of obligations secured by Customary Permitted Liens;

(v) Indebtedness constituting Contingent Obligations permitted by Section 7.3(E);

(vi) secured or unsecured purchase money Indebtedness (including Capitalized Leases) incurred by the Borrower or any of its Subsidiaries after the Closing Date to finance the acquisition of fixed assets, if (1) at the time of such incurrence, no Default or Unmatured Default has occurred and is continuing or would result from such incurrence, (2) such Indebtedness has a scheduled maturity and is not due on demand, (3) such Indebtedness does not exceed the lower of the fair market value or the cost of the applicable fixed assets on the date acquired, (4) such Indebtedness does not exceed $5,000,000.00 in the aggregate outstanding at any time, and (5) any Lien securing such Indebtedness is permitted under Section 7.3(C) (such Indebtedness being referred to herein as "Permitted Purchase Money Indebtedness");

(vii) Indebtedness in respect of Hedging Obligations permitted under Section 7.3(O);

(viii) other future unsecured Indebtedness in an aggregate principal amount not to exceed $50,000,000.00; and

(ix) Any Permitted Refinancing Indebtedness.

(B) Sales of Assets. Neither the Borrower nor any of its Subsidiaries shall sell, assign, transfer, lease, convey or otherwise dispose of any property, whether now owned or hereafter acquired, or any income or profits therefrom, or enter into any agreement to do so, except:

(i) the disposition in the ordinary course of business of equipment that is obsolete, excess or no longer useful in the Borrower's or the Subsidiary's business;

(ii) sales, assignments, transfers, leases, conveyances or other dispositions of other assets if such transaction (a) is for consideration consisting solely of cash, (b) is for not less than fair market value, and (c) when combined with all such other transactions (each such transaction being valued at book value) during the period from the Closing Date to the date of such proposed transaction, represents the disposition of not greater than five percent (5.0%) of the Borrower's Consolidated Assets at the end of the fiscal year immediately preceding that in which such transaction is proposed to be entered into.

(C) Liens. Neither the Borrower nor any of its Subsidiaries shall directly or indirectly create, incur, assume or permit to exist any Lien on or with respect to any of their respective property or assets except:

(i) Liens securing the Obligations pursuant to the Collateral Documents;

(ii) Permitted Existing Liens;

(iii) Customary Permitted Liens;

(iv) purchase money Liens (including the interest of a lessor under a Capitalized Lease and Liens to which any property is subject at the time of the Borrower's acquisition thereof) securing Permitted Purchase Money Indebtedness; provided that such Liens shall not apply to any property of the Borrower or its Subsidiaries other than that purchased or subject to such Capitalized Lease;

(v) Liens on the assets of the Borrower (other than the assets which are subject to Liens securing the Obligations) to secure its Contingent Obligations under surety bonds permitted under Section 7.3(A)(v) and Section 7.3(E); and

(vi) Liens arising out of the Energy Purchase Contracts, but only to the extent such Liens pertain or relate to the Segregated Accounts or certain receivables the proceeds of which are required to be deposited in the Segregated Accounts.

In addition, neither the Borrower nor any of its Subsidiaries shall become a party to any agreement, note, indenture or other instrument, or take any other action, which would prohibit the creation of a Lien on any of its properties or other assets in favor of the Administrative Agent for the benefit of itself and the Lenders, as collateral for the Obligations; provided that (i) any agreement, note, indenture or other instrument in connection with Permitted Purchase Money Indebtedness (including Capitalized Leases) may prohibit the creation of a Lien in favor of the Administrative Agent for the benefit of itself and the Lenders on the items of property obtained with the proceeds of such Permitted Purchase Money Indebtedness, and (ii) the Energy Purchase Contracts may limit or prohibit the creation of Liens pertaining or relating to the Segregated Accounts or certain receivables the proceeds of which are required to be deposited in the Segregated Accounts.

(D) Investments. Except to the extent permitted pursuant to paragraph (G) below, neither the Borrower nor any of its Subsidiaries shall not directly or indirectly make or own any Investment except:

(i) Investments in Cash Equivalents;

(ii) Permitted Existing Investments in an amount not greater than the amount thereof on the Closing Date;

(iii) Investments in trade receivables or received in connection with the bankruptcy or reorganization of suppliers and customers and in settlement of delinquent obligations of, and other disputes with, customers and suppliers arising in the ordinary course of business;

(iv) Investments consisting of deposit accounts maintained by the Borrower;

(v) Investments constituting Permitted Acquisitions;

(vi) Investments in an amount not to exceed $10,000,000 in the aggregate at any time outstanding consisting of loans to GPE or its Subsidiaries; and

(vii) Investments in addition to those referred to elsewhere in this Section 7.3(D) in an amount not to exceed $2,500,000.00 in the aggregate at any time outstanding;

provided, however, that the Investments described in clause (v) above shall not be permitted if either a Default or an Unmatured Default shall have occurred and be continuing on the date thereof or would result therefrom.

(E) Contingent Obligations. Neither the Borrower nor any of its Subsidiaries shall directly or indirectly create or become or be liable with respect to any Contingent Obligation, except: (i) recourse obligations resulting from endorsement of negotiable instruments for collection in the ordinary course of business; (ii) obligations, warranties, and indemnities, not relating to Indebtedness of any Person, which have been or are undertaken or made in the ordinary course of business and not for the benefit

of or in favor of an Affiliate of the Borrower or such Subsidiary; (iii) Contingent Obligations with respect to appeal and performance bonds obtained by the Borrower or any Subsidiary in the ordinary course of business; and (iv) Contingent Obligations with respect to surety bonds issued for the benefit of the Borrower in an amount not to exceed $250,000,000.00.

(F) Restricted Payments. Neither the Borrower nor any of its Subsidiaries may declare or make any Restricted Payment.

(G) Conduct of Business; Subsidiaries.

(i) Neither the Borrower nor any of its Subsidiaries shall engage in any business other than the businesses engaged in by the Borrower on the Closing Date and any business or activities which are substantially similar, related or incidental thereto.

(ii) Neither the Borrower nor its Subsidiaries shall create, acquire or capitalize any Subsidiary (a "New Subsidiary") after the date hereof pursuant to any transaction unless such transaction is permitted by or not otherwise prohibited by this Agreement and upon the creation or acquisition of each New Subsidiary, the Borrower or its Subsidiaries shall promptly deliver, and shall cause each New Subsidiary to promptly deliver to the Administrative Agent the documents, instruments and agreements required pursuant to Section 7.2(L).

(iii) Neither the Borrower nor any of its Subsidiaries shall make any Acquisitions other than Acquisitions meeting all of the following requirements (each such Acquisition constituting a "Permitted Acquisition"):

(a) no Default or Unmatured Default shall have occurred and be continuing or would result from such Acquisition or the incurrence of any Indebtedness in connection therewith;

(b) the Acquisition shall be consummated on a non-hostile basis and, in the case of an Acquisition of Equity Interests of an entity, such Acquisition shall be of not less than the amount of the Equity Interests required to give the Borrower direct or indirect voting control of such entity;

(c) the businesses being acquired shall be substantially similar to the businesses or activities engaged in by the Borrower on the Closing Date;

(d) the aggregate purchase price (including assumed liabilities) in connection with all such transactions during the term of this Agreement shall not exceed $25,000,000.00.

(H) Transactions with Shareholders and Affiliates. Except to the extent required by applicable law, neither the Borrower nor any of its Subsidiaries shall directly or indirectly enter into or permit to exist any transaction (including, without limitation, the purchase, sale, lease or exchange of any property or the rendering of any service) with any holder or holders of any of the Equity Interests of the Borrower, or with any Affiliate of the Borrower which is not its Subsidiary, on terms that are less favorable to the Borrower or its Subsidiaries, as applicable, than those that might be obtained in an arm's length transaction at the time from Persons who are not such a holder or Affiliate.

(I) Restriction on Fundamental Changes. Neither the Borrower nor any of its Subsidiaries shall enter into any merger or consolidation, or liquidate, wind-up or dissolve (or suffer any liquidation or dissolution), or convey, lease, sell, transfer or otherwise dispose of, in one transaction or series of transactions, all or substantially all of the Borrower's or any such Subsidiary's business or property, whether now or hereafter acquired, except transactions permitted under Sections 7.3(B).

(J) Sales and Leasebacks. Neither the Borrower nor any of its Subsidiaries shall become liable, directly, by assumption or by Contingent Obligation, with respect to any lease, whether an operating lease, a synthetic lease or a Capitalized Lease, of any property (whether real or personal or mixed) (i) which it or one of its Subsidiaries sold or transferred or is to sell or transfer to any other Person, or (ii) which it or one of its Subsidiaries intends to use for substantially the same purposes as any other property which has been or is to be sold or transferred by it to any other Person in connection with such lease, unless in either case the sale involved is not prohibited under Section 7.3(B) and the lease involved is not prohibited under Section 7.3(A).

(K) Margin Regulations. Neither the Borrower nor any of its Subsidiaries shall use all or any portion of the proceeds of any credit extended under this Agreement to purchase or carry Margin Stock.

(L) ERISA. The Borrower shall not

(i) engage, or permit any of its Subsidiaries to engage, in any prohibited transaction described in Sections 406 of ERISA or 4975 of the Code for which a statutory or class exemption is not available or a private exemption has not been previously obtained from the DOL which could reasonably be expected to result in liability to the Borrower of $1,000,000.00 or more;

(ii) incur any liability of $1,000,000.00 or more resulting from a to any accumulated funding deficiency (as defined in Sections 302 of ERISA and 412 of the Code), with respect to any Benefit Plan, whether or not waived;

(iii) incur any liability of $500,000.00 or more resulting from a failure to pay timely required contributions or annual installments due with respect to any waived funding deficiency to any Benefit Plan;

(iv) incur any liability under Title IV of ERISA of $1,000,000.00 or more in connection with the termination of any Benefit Plan;

(v) fail to make any material contribution or payment to any Multiemployer Plan which the Borrower or any Controlled Group member may be required to make under any agreement relating to such Multiemployer Plan, or any law pertaining thereto;

(vi) fail to pay any required installment or any other material payment required under Section 412 of the Code on or before the due date for such installment or other payment; or

(vii) incur material increase in current liability for the plan year, resulting from the amendment of a Plan, such that the Borrower is required to provide security to such Plan under Section 401(a)(29) of the Code.

(M) Corporate Documents. Neither the Borrower nor any of its Subsidiaries shall amend, modify or otherwise change any of the terms or provisions in any of their respective articles of organization or operating agreement as in effect on the date hereof in any manner adverse to the interests of the Lenders, without the prior written consent of the Required Lenders.

(N) Fiscal Year. Neither the Borrower nor any of its Subsidiaries shall change its fiscal year for accounting or tax purposes from a calendar year.

(O) Hedging Obligations. The Borrower shall not and shall not permit any of its Subsidiaries to enter into any interest rate, commodity or foreign currency exchange, swap, collar, cap or similar agreements evidencing Hedging Obligations, other than interest rate, foreign currency or commodity exchange, swap, collar, cap or similar agreements entered into by the Borrower pursuant to which the Borrower has hedged its actual interest rate, foreign currency or commodity exposure.

(P) Subordinated Debt. The Borrower shall not amend, supplement or modify the terms of the Subordinated Debt or make any payment required as a result of any amendment or change thereto without the prior written consent of the Administrative Agent and the Required Lenders. Except as permitted in the Subordination Agreement as in effect on the date hereof, the Borrower shall not redeem, purchase, prepay (by setoff or otherwise), defease or repay any principal of, premium, if any, or other amount payable in respect of the Subordinated Debt.

(Q) Capital Expenditures. Neither the Borrower nor any of its Subsidiaries shall make or incur any Capital Expenditure if, after giving effect thereto, the aggregate amount of all Capital Expenditures by the Borrower and its Subsidiaries after the Closing Date would exceed $10,000,000.00 in any fiscal year.

7.4. Financial Covenants. The Borrower shall comply with the following:

(A) Minimum Net Worth. The Borrower shall not permit its Net Worth at any time to be less than $62,500,00.00.

(B) Maximum Leverage Ratio. The Borrower shall not permit the ratio (the "Leverage Ratio") of (i) Funded Indebtedness, to (ii) EBITDA to be greater than 2.25 to 1.00.

The Leverage Ratio shall be calculated, in each case, determined as of the last day of each fiscal quarter based upon (a) for Funded Indebtedness, as of the last day of each such fiscal quarter; and (b) for EBITDA, the actual amount for the four-quarter period ending on such day.

(C) Minimum Fixed Charge Coverage Ratio. The Borrower and its consolidated Subsidiaries shall maintain a ratio ("Fixed Charge Coverage Ratio") of (i) the sum of the amounts of (a) EBITDA minus (b) Capital Expenditures to (ii) the sum of the amounts of (a) Interest Expense to the extent paid in cash plus (b) scheduled cash payments of the principal portion of all Indebtedness for borrowed money of the Borrower made during such period plus (c) cash income taxes paid by the Borrower and its consolidated Subsidiaries during such period plus (d) Distributions paid during such period less (e) the amount of GPE Cash Infusions during such period, of at least 1.05 to 1.00 for each fiscal year thereafter until the Termination Date.

In each case, the Fixed Charge Coverage Ratio shall be determined as of the last day of each fiscal year.

(D) Minimum Debt Service Coverage Ratio. The Borrower shall maintain a ratio (the "Debt Service Coverage Ratio") of (i) the sum of the amounts of EBITDA minus Capital Expenditures to (ii) the sum of the amounts of (a) Interest Expense to the extent paid in cash plus (b) scheduled cash payments of the principal portion of all Indebtedness for borrowed money of the Borrower, during each four fiscal quarter period ending on the date described below of at least 4.00 to 1.00

In each case, the Debt Service Coverage Ratio shall be determined as of the last day of each fiscal quarter described above for the four fiscal quarter period ending on such day.

ARTICLE VIII. DEFAULTS

8.1. Defaults. Each of the following occurrences shall constitute a Default under this Agreement:

(A) Failure to Make Payments When Due. The Borrower shall (i) fail to pay within one (1) day of the date when due any of the Obligations consisting of principal with respect to the Loans or (ii) shall fail to pay within five (5) Business Days of the date when due any of the other Obligations under this Agreement or the other Loan Documents.

(B) Breach of Certain Covenants. The Borrower shall fail duly and punctually to perform or observe any agreement, covenant or obligation binding on the Borrower under:

(i) Section 7.1(A) and such failure shall continue unremedied for ten (10) days;

(ii) Section 7.1(B) and such failure shall continue unremedied for two (2) days; or

(iii) Section 7.2(A), 7.2(F), 7.2(J) or 7.3.

(C) Breach of Representation or Warranty. Any representation or warranty made or deemed made by the Borrower to the Administrative Agent or any Lender herein or by the Borrower or any of its Subsidiaries in any of the other Loan Documents or in any statement or certificate at any time given by any such Person pursuant to any of the Loan Documents shall be false or misleading in any material respect on the date as of which made (or deemed made).

(D) Other Defaults. The Borrower shall default in the performance of or compliance with any term contained in this Agreement (other than as covered by paragraphs (A), (B) or (C) of this Section 8.1), or the Borrower or any of its Subsidiaries shall default in the performance of or compliance with any term contained in any of the other Loan Documents, and such default shall continue for thirty (30) days after the occurrence thereof.

(E) Default as to Other Indebtedness. The Borrower or any of its Subsidiaries shall fail to make any payment when due (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise) with respect to any Indebtedness the outstanding principal amount of which Indebtedness is in excess of $7,500,000.00 ("Cross Default Indebtedness"), or any breach, default or event of default shall occur, or any other condition shall exist under any instrument, agreement or indenture pertaining to any such Cross Default Indebtedness, if the effect thereof is to permit the holder(s) of such Cross Default Indebtedness to accelerate the maturity of any such Cross Default Indebtedness or require a redemption or other repurchase of such Cross Default Indebtedness, or cause an acceleration, mandatory redemption, a requirement that the Borrower offer to purchase such Cross Default Indebtedness or other required repurchase of such Cross Default Indebtedness; or any such Cross Default Indebtedness shall be otherwise declared to be due and payable (by acceleration or otherwise) or required to be prepaid, redeemed or otherwise repurchased by the Borrower or any of its Subsidiaries (other than by a regularly scheduled required prepayment) prior to the stated maturity thereof.

(F) Involuntary Bankruptcy; Appointment of Receiver, Etc.

(i) An involuntary case shall be commenced against the Borrower or any of the Borrower's Subsidiaries and the petition shall not be dismissed, stayed, bonded or discharged within sixty (60) days after commencement of the case; or a court having jurisdiction in the premises shall enter a decree or order for relief in respect of the Borrower or any of the Borrower's Subsidiaries in an involuntary case, under any applicable bankruptcy, insolvency or other similar law now or hereinafter in effect; or any other similar relief shall be granted under any applicable federal, state, local or foreign law.

(ii) A decree or order of a court having jurisdiction in the premises for the appointment of a receiver, liquidator, sequestrator, trustee, custodian or other officer having similar powers over the Borrower or any of the Borrower's Subsidiaries or over all or a substantial part of the property of the Borrower or any of the Borrower's Subsidiaries shall be entered; or an interim receiver, trustee or other custodian of the Borrower or any of the Borrower's Subsidiaries or of all or a substantial part of the property of the Borrower shall be appointed or a warrant of attachment, execution or similar process against any substantial part of the property of the Borrower or any of the Borrower's Subsidiaries shall be issued and any such event shall not be stayed, dismissed, bonded or discharged within sixty (60) days after entry, appointment or issuance.

(G) Voluntary Bankruptcy; Appointment of Receiver, Etc. The Borrower or any of the Borrower's Subsidiaries shall (i) commence a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, (ii) consent to the entry of an order for relief in an involuntary case, or to the conversion of an involuntary case to a voluntary case, under any such law, (iii) consent to the appointment of or taking possession by a receiver, trustee or other custodian for all or a substantial part of its property, (iv) make any assignment for the benefit of creditors or (v) take any corporate action to authorize any of the foregoing.

(H) Judgments and Attachments. Any money judgment(s) (other than a money judgment covered by insurance as to which the insurance company has not disclaimed or reserved the right to disclaim coverage), writ or warrant of attachment, or similar process against the Borrower or any of its Subsidiaries or any their respective assets involving in any single case or in the aggregate an amount in excess of $7,500,000.00 is or are entered and shall remain undischarged, unvacated, unbonded or unstayed for a period of sixty (60) days or in any event later than fifteen (15) days prior to the date of any proposed sale thereunder.

(I) Dissolution. Any order, judgment or decree shall be entered against the Borrower decreeing its involuntary dissolution or split up and such order shall remain undischarged and unstayed for a period in excess of sixty (60) days; or the Borrower shall otherwise dissolve or cease to exist except as specifically permitted by this Agreement.

(J) Loan Documents; Failure of Security. At any time, for any reason, (i) any Loan Document as a whole that materially affects the ability of the Administrative Agent or any of the Lenders to enforce the Obligations or enforce their rights against the Collateral ceases to be in full force and effect or any of the Borrower's or any of its Subsidiaries party thereto seeks to repudiate its obligations thereunder and the Liens intended to be created thereby are, or any of the Borrower or any such Subsidiary seeks to render such Liens, invalid and unperfected, or (ii) Liens on Collateral with a fair market value in excess of $100,000.00 in favor of the Administrative Agent contemplated by the Loan Documents shall, at any time, for any reason, be invalidated or otherwise cease to be in full force and effect, or such Liens shall not have the perfection or priority contemplated by this Agreement or the Loan Documents.

(K) Termination Event. Any Termination Event occurs which the Required Lenders believe is reasonably likely to subject the Borrower to liability in excess of $1,000,000.00.

(L) Waiver of Minimum Funding Standard. If the plan administrator of any Plan applies under Section 412(d) of the Code for a waiver of the minimum funding standards of Section 412(a) of the Code and any Lender believes the substantial business hardship upon which the application for the waiver is based could reasonably be expected to subject the Borrower to liability in excess of $1,000,000.00.

(M) Change of Control. A Change of Control shall occur.

(N) Environmental Matters. The Borrower or any of its Subsidiaries shall be the subject of any proceeding or investigation pertaining to (i) the Release by the Borrower or any of its Subsidiaries of any Contaminant into the environment, (ii) the liability of the Borrower arising from the Release by any other Person of any Contaminant into the environment, or (iii) any violation of any Environmental, Health or Safety Requirements of Law which by the Borrower or any of its Subsidiaries, which, in any case, has or is reasonably likely to subject the Borrower or any of its Subsidiaries to liability in excess of $1,000,000.00.

(O) Guarantor Revocation. Any guarantor of the Obligations shall terminate or revoke or refuse to perform any of its payment obligations under the applicable guarantee agreement or an Event of Default (as defined in such guarantee agreement) shall occur.

(P) Default Under Subordinated Debt. A default or event of default shall occur with respect to the obligations arising under the Subordinated Debt or under any instrument or agreement executed in connection therewith and the holder(s) thereof shall take any action to accelerate the maturity thereof or to otherwise collect the amount outstanding with respect to the Subordinated Debt.

(Q) Default under Contractual Obligations. A default or event of default shall occur under (i) any Energy Purchase Agreement, or (ii) any other Contractual Obligation where such default or event of default could reasonably be expected to have a Material Adverse Effect.

(R) Breach of Financial Covenants. The Borrower shall default in the performance of or compliance with any of the financial covenants contained in Section 7.4 (each a "Financial Covenant Breach"), and such default is not cured pursuant to the procedure set forth below within fifteen (15) days after the determination of such Financial Covenant Breach. In the event of a Financial Covenant Breach and so long as (i) no other Default or Unmatured Default has occurred and is continuing, and (ii) no GPE Cross Default has occurred and is continuing, GPE may, within fifteen (15) days of the determination of such breach, cure the Financial Covenant Breach (a) through a GPE Cash Infusion, (b) by a Qualifying GPE Guarantee Increase or a Non-Qualifying GPE Guarantee Increase, or (c) through a combination of a GPE Cash Infusion and a Qualifying GPE Guarantee Increase, in an amount equal to the amount required to achieve compliance with the financial covenant which was the subject of the Financial Covenant Breach, such amount to be determined as of the last day of the quarter when compliance with the covenant was tested. In regard to any Financial Covenant Breach except a default in performance of or compliance with the Minimum Net Worth covenant set forth in Section 7.4(A), the financial covenant which was violated shall be recalculated by adding to EBITDA the amount(s) of the applicable GPE Cash Infusion and/or GPE Guarantee Increase. If the Financial Covenant Breach results from a default in performance of or compliance with the Minimum Net Worth covenant set forth in Section 7.4(A), said covenant shall be recalculated by adding to Net Worth the amount(s) of the applicable GPE Cash Infusion and/or GPE Guarantee Increase. For purposes of this Section 8.1(R), (i) if there exists more than one Financial Covenant Breach as of the end of a fiscal quarter and the Borrower elects to cure those violations by means of a GPE Cash Infusion and/or Qualifying GPE Guarantee Increase, all such defaults may be cured by means of a single GPE Cash Infusion and/or Qualifying GPE Guarantee Increase (i.e., a GPE Cash Infusion and/or Qualifying GPE Guarantee Increase in that amount necessary to cure the individual Financial Covenant Breach that is the greatest dollar amount out of compliance); (ii) if there exists more than one Financial Covenant Breach as of the end of a fiscal quarter, and the Borrower elects to cure those violations by means of a Non-Qualifying GPE Guarantee Increase, the amount of such Non-Qualifying GPE Guarantee Increase shall be the aggregate amount necessary to cure all individual Financial Covenant Breaches (i.e., a Non-Qualifying GPE Guarantee Increase in that amount equal to the sum of the amounts necessary to cure all of the individual Financial Covenant Breaches); (iii) any increase in EBITDA for the fiscal quarter in which a Financial Covenant Breach occurred or Net Worth resulting from a GPE Cash Infusion shall be deemed to modify EBITDA for such fiscal quarter and Net Worth for purposes of calculating compliance with all financial covenants in fiscal quarters following the fiscal quarter in which such Financial Covenant Breach has occurred, but only so long as the full amount of such GPE Cash Infusion is maintained and is not reduced by means of a Distribution; (iv) any increase in EBITDA for the fiscal quarter in which the Financial Covenant Breach occurred or Net Worth resulting from a Qualifying GPE Guarantee Increase shall be deemed to modify EBITDA for such fiscal quarter and Net Worth for purposes of calculating compliance with all financial covenants in fiscal quarters following the fiscal quarter in which such Financial Covenant Breach has occurred, but only so long as (a) the full amount of the Qualifying GPE Guarantee Increase made with respect to the fiscal quarter in which the Financial Covenant Breach occurred remains in effect and is not reduced, and (b) such GPE Guarantee Increase continues to be a Qualifying GPE Guarantee Increase; and (v) any increase in EBITDA for the fiscal quarter in which the Financial Covenant Breach occurred or Net Worth resulting from a Non-Qualifying GPE Guarantee Increase shall be deemed to modify EBITDA for such quarter or Net Worth, as applicable, for purposes of calculating compliance in fiscal quarters following the fiscal quarter in which such Financial Covenant Breach has occurred of only the individual financial covenant with respect to which the Non-Qualifying GPE Guarantee Increase was applied in the fiscal quarter in which such Financial Covenant Breach occurred and only in the amount of the Non-Qualifying GPE Guarantee Increase applicable to such individual financial covenant, but only so long as the full amount of the Non-Qualifying GPE Guarantee Increase made with respect to the fiscal quarter in which the Financial Covenant Breach occurred remains in effect and is not

reduced. So long as no Default or Unmatured Default under this Agreement exists or will result therefrom, a GPE Guarantee Increase may be reduced as of the end of any future fiscal quarter by means of the execution by GPE, the Borrower and the Administrative Agent of a Guaranty Amount Amendment Agreement pursuant to the procedure provided in the GPE Guaranty. The Administrative Agent hereby agrees to execute any such Guaranty Amount Amendment Agreement if no Default or Unmatured Default exists or would result therefrom under this Agreement and all other conditions to effectiveness set forth in the Guaranty Amount Amendment Agreement will be satisfied.

A Default shall be deemed "continuing" until cured or until waived in writing in accordance with Section 9.3.

ARTICLE IX. ACCELERATION, DEFAULTING LENDERS; WAIVERS, AMENDMENTS AND REMEDIES

9.1. Termination of Commitments; Acceleration. If any Default described in Section 8.1(F), 8.1(G), or 8.1(I) occurs with respect to the Borrower, the obligations of the Lenders to make Loans hereunder and the obligation of the Administrative Agent to issue Letters of Credit hereunder shall automatically terminate and the Obligations shall immediately become due and payable without any election or action on the part of the Administrative Agent or any Lender. If any other Default occurs, the Required Lenders may terminate or suspend the obligations of the Lenders to make Loans hereunder and the obligation of the Issuing Banks to issue Letters of Credit hereunder, or declare the Obligations to be due and payable, or both, whereupon the Obligations shall become immediately due and payable, without presentment, demand, protest or notice of any kind, all of which the Borrower expressly waives.

9.2. Defaulting Lender. In the event that any Lender fails to fund its applicable Pro Rata Share of any Advance requested or deemed requested by the Borrower (or requested by an Issuing Bank in connection with the participation in Letters of Credit), which such Lender is obligated to fund under the terms of this Agreement (the funded portion of such Advance being hereinafter referred to as a "Non Pro Rata Loan"), until the earlier of such Lender's cure of such failure and the termination of the Revolving Loan Commitments, the proceeds of all amounts thereafter repaid to the Administrative Agent by the Borrower and otherwise required to be applied to such Lender's share of all other Obligations pursuant to the terms of this Agreement shall be advanced to the Borrower (or Issuing Bank) by the Administrative Agent on behalf of such Lender to cure, in full or in part, such failure by such Lender, but shall nevertheless be deemed to have been paid to such Lender in satisfaction of such other Obligations. Notwithstanding anything in this Agreement to the contrary:

(i) the foregoing provisions of this Section 9.2 shall apply only with respect to the proceeds of payments of Obligations and shall not affect the conversion or continuation of Loans pursuant to Section 2.10;

(ii) any such Lender shall be deemed to have cured its failure to fund its applicable Pro Rata Share of any Advance at such time as an amount equal to such Lender's original applicable Pro Rata Share of the requested principal portion of such Advance is fully funded to the Borrower (or Issuing Bank), whether made by such Lender itself or by operation of the terms of this Section 9.2, and whether or not the Non Pro Rata Loan with respect thereto has been repaid, converted or continued;

(iii) amounts advanced to the Borrower to cure, in full or in part, any such Lender's failure to fund its applicable Pro Rata Share of any Advance ("Cure Loans") shall bear interest at the rate applicable to Floating Rate Loans in effect from time to time, and for all other purposes of this Agreement shall be treated as if they were Floating Rate Loans;

(iv) regardless of whether or not a Default has occurred or is continuing, and notwithstanding the instructions of the Borrower as to its desired application, all repayments of principal which, in accordance with the other terms of this Agreement, would be applied to the outstanding Floating Rate Loans shall be applied first, ratably to all Floating Rate Loans constituting Non Pro Rata Loans, second, ratably to Floating Rate Loans other than those constituting Non Pro Rata Loans or Cure Loans and, third, ratably to Floating Rate Loans constituting Cure Loans;

(v) for so long as and until the earlier of any such Lender's cure of the failure to fund its applicable Pro Rata Share of any Advance and the termination of the Revolving Loan Commitments, the term "Required Lenders" for purposes of this Agreement shall mean Lenders (excluding all Lenders whose failure to fund their respective Pro Rata Shares of such Advance have not been so cured) whose applicable Pro Rata Shares represent greater than sixty-six and two-thirds percent (66-2/3%) of the aggregate Pro Rata Shares of such Lenders; and

(vi) for so long as and until any such Lender's failure to fund its Revolving Loan Pro Rata Share of any Advance is cured in accordance with Section 9.2(ii), (A) such Lender shall not be entitled to any commitment fees with respect to its Revolving Loan Commitment, and (B) such Lender shall not be entitled to any letter of credit fees, which commitment fees and letter of credit fees shall accrue in favor of the Lenders which have funded their respective applicable Pro Rata Share of such requested Advance, shall be allocated among such performing Lenders ratably based upon their relative Revolving Loan Commitments, and shall be calculated based upon the average amount by which the aggregate Revolving Loan Commitments of such performing Lenders exceeds the sum of (I) the outstanding principal amount of the Loans owing to such performing Lenders, plus (II) the outstanding Reimbursement Obligations owing to such performing Lenders, plus (III) the aggregate participation interests of such performing Lenders arising with respect to undrawn and outstanding Letters of Credit.

9.3. Amendments. Subject to the provisions of this Article IX, the Required Lenders (or the Administrative Agent with the consent in writing of the Required Lenders) and the Borrower may enter into agreements supplemental hereto for the purpose of adding or modifying any provisions to the Loan Documents or changing in any manner the rights of the Lenders or the Borrower hereunder or waiving any Default hereunder; provided, however, that no such supplemental agreement shall, without the consent of each Lender affected thereby:

(i) Postpone or extend the Revolving Loan Termination Date or any other date fixed for any payment of principal of, or interest on, the Loans, the Reimbursement Obligations or any fees or other amounts payable to such Lender (except with respect to (a) any modifications of the provisions relating to prepayments of Loans and other Obligations and (b) a waiver of the application of the default rate of interest pursuant to Section 2.11 hereof.

(ii) Reduce the principal amount of any Loans or L/C Obligations, or reduce the rate or extend the time of payment of interest or fees thereon.

(iii) Reduce the percentage specified in the definition of Required Lenders or any other percentage of Lenders specified to be the applicable percentage in this Agreement to act on specified matters.

(iv) Increase the amount of the Revolving Loan Commitment of any Lender hereunder.

(v) Permit the Borrower to assign its rights under this Agreement.

(vi) Release any Guarantor or any Collateral having a value in excess of $5,000,000.00 during the term of this Agreement.

(vii) Amend this Section 9.3 or Section 12.2.

No amendment of any provision of this Agreement relating to the Administrative Agent shall be effective without the written consent of the Administrative Agent. The Administrative Agent may waive payment of the fee required under Section 13.3(B) without obtaining the consent of any of the Lenders.

9.4. Preservation of Rights. No delay or omission of the Lenders or the Administrative Agent to exercise any right under the Loan Documents shall impair such right or be construed to be a waiver of any Default or an acquiescence therein, and the making of a Loan or the issuance of a Letter of Credit notwithstanding the existence of a Default or the inability of the Borrower to satisfy the conditions precedent to such Loan or issuance of such Letter of Credit shall not constitute any waiver or acquiescence. Any single or partial exercise of any such right shall not preclude other or further exercise thereof or the exercise of any other right, and no waiver, amendment or other variation of the terms, conditions or provisions of the Loan Documents whatsoever shall be valid unless in writing signed by the Lenders required pursuant to Section 9.3, and then only to the extent in such writing specifically set forth. All remedies contained in the Loan Documents or by law afforded shall be cumulative and all shall be available to the Administrative Agent and the Lenders until the Obligations have been paid in full.

ARTICLE X. GENERAL PROVISIONS

10.1. Survival of Representations. All representations and warranties of the Borrower contained in this Agreement shall survive delivery of the Notes and the making of the Loans herein contemplated.

10.2. Governmental Regulation. Anything contained in this Agreement to the contrary notwithstanding, no Lender shall be obligated to extend credit to the Borrower in violation of any limitation or prohibition provided by any applicable statute or regulation.

10.3. Performance of Obligations. The Borrower agrees that the Administrative Agent may, but shall have no obligation, after the occurrence and during the continuance of a Default, make any payment or perform any act required of the Borrower under any Loan Document. The Administrative Agent shall use its reasonable efforts to give the Borrower notice of any action taken under this Section 10.3 prior to the taking of such action or promptly thereafter provided the failure to give such notice shall not affect the Borrower's obligations in respect thereof. The Borrower agrees to pay the Administrative Agent, upon demand, the principal amount of all funds advanced by the Administrative Agent under this Section 10.3, together with interest thereon at the rate from time to time applicable to Revolving Loans that are Floating Rate Loans from the date of such advance until the outstanding principal balance thereof is paid in full. If the Borrower fails to make payment in respect of any such advance under this Section 10.3 within one (1) Business Day after the date the Borrower receives written demand therefor from the Administrative Agent, the Administrative Agent shall promptly notify each Lender and each Lender agrees that it shall thereupon make available to the Administrative Agent, in Dollars in immediately available funds, the amount equal to such Lender's Pro Rata Share of such advance. If such funds are not made available to the Administrative Agent by such Lender within one (1) Business Day after the Administrative Agent's demand therefor, the Administrative Agent will be entitled to recover any such amount from such Lender together with interest thereon at the Federal Funds Effective Rate for each day during the period commencing on the date of such demand and ending on the date such amount is received. The failure of any Lender to make available to the Administrative Agent its Pro Rata Share of any such unreimbursed advance under this Section 10.3 shall neither relieve any other Lender of its obligation hereunder to make available to the Administrative Agent such other Lender's Pro Rata Share of such advance on the date such payment is to be made nor increase the obligation of any other Lender to make such payment to the Administrative Agent. All outstanding principal of, and interest on, advances made under this Section 10.3 shall constitute Obligations.

10.4. Headings. Section headings in the Loan Documents are for convenience of reference only, and shall not govern the interpretation of any of the provisions of the Loan Documents.

10.5. Entire Agreement. The Loan Documents embody the entire agreement and understanding among the Borrower, the Administrative Agent and the Lenders and supersede all prior agreements and understandings among the Borrower, the Administrative Agent and the Lenders relating to the subject matter thereof.

10.6. Several Obligations; Benefits of this Agreement. The respective obligations of the Lenders hereunder are several and not joint and no Lender shall be the partner or agent of any other Lender (except to the extent to which the Administrative Agent is authorized to act as such). The failure of any Lender to perform any of its obligations hereunder shall not relieve any other Lender from any of its obligations hereunder. This Agreement shall not be construed so as to confer any right or benefit upon any Person other than the parties to this Agreement and their respective successors and assigns.

10.7. Expenses; Indemnification.

(A) Expenses. The Borrower shall reimburse the Agents and the Arrangers for any reasonable costs and out-of-pocket expenses (including attorneys' and paralegals' fees and time charges of attorneys and paralegals for the Administrative Agent) paid or incurred by the Administrative Agent or the Arrangers in connection with the preparation, negotiation, execution, delivery, syndication, review, amendment, modification, and administration of the Loan Documents and the initial audit of the Collateral. The Borrower also agrees to reimburse the Administrative Agent and the Arrangers and the Lenders for any costs and out-of-pocket expenses (including attorneys' and paralegals' fees and time charges of attorneys and paralegals for the Administrative Agent and the Arrangers and the Lenders) paid or incurred by the Administrative Agent or the Arrangers or any Lender in connection with the collection of the Obligations and enforcement of the Loan Documents. In addition to expenses set forth above, the Borrower agrees to reimburse the Administrative Agent, promptly after the Administrative Agent's request therefor, for each audit, or other business analysis performed by or for the benefit of the Lenders in connection with this Agreement, the other Loan Documents or the Collateral in an amount equal to the Administrative Agent's then customary charges for each person employed to perform such audit or analysis plus all costs and expenses (including without limitation, travel expenses) incurred by the Administrative Agent in the performance of such audit or analysis.

(B) Indemnity. The Borrower further agrees to defend, protect, indemnify, and hold harmless the Agents, the Arrangers and each and all of the Lenders and each of their respective Affiliates, and each of such Agents', Arrangers', Lender's, or Affiliate's respective officers, directors, employees, attorneys and agents (including, without limitation, those retained in connection with the satisfaction or attempted satisfaction of any of the conditions set forth in Article V) (collectively, the "Indemnitees") from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, claims, costs, expenses of any kind or nature whatsoever (including, without limitation, the fees and disbursements of counsel for such Indemnitees in connection with any investigative, administrative or judicial proceeding, whether or not such Indemnitees shall be designated a party thereto), imposed on, incurred by, or asserted against such Indemnitees in any manner relating to or arising out of:

(i) this Agreement, the other Loan Documents, or any act, event or transaction related or attendant thereto or to the making of the Loans, and the issuance of and participation in Letters of Credit hereunder, the management of such Loans or Letters of Credit, the use or intended use of the proceeds of the Loans or Letters of Credit hereunder, or any of the other transactions contemplated by the Loan Documents; or

(ii) any liabilities, obligations, responsibilities, losses, damages, personal injury, death, punitive damages, economic damages, consequential damages, treble damages, intentional, willful or wanton injury, damage or threat to the environment, natural resources or public health or welfare, costs and expenses (including, without limitation, attorney, expert and consulting fees and costs of investigation, feasibility or remedial action studies), fines, penalties and monetary sanctions, interest, direct or indirect, known or unknown, absolute or contingent, past, present or future relating to violation of any Environmental, Health or Safety Requirements of Law arising from or in connection with the past, present or future operations of the Borrower or its predecessors in interest, or, the past, present or future environmental, health or safety condition of any respective property of the Borrower, the presence of asbestos-containing materials at any respective property of the Borrower or the Release or threatened Release of any Contaminant into the environment (collectively, the "Indemnified Matters");

provided, however, the Borrower shall have no obligation to an Indemnitee hereunder with respect to Indemnified Matters caused solely by or resulting solely from the willful misconduct or Gross Negligence of such Indemnitee or breach of contract by such Indemnitee with respect to the Loan Documents, in each case, as determined by the final non-appealed judgment of a court of competent jurisdiction. If the undertaking to indemnify, pay and hold harmless set forth in the preceding sentence may be unenforceable because it is violative of any law or public policy, the Borrower shall contribute the maximum portion which it is permitted to pay and satisfy under applicable law, to the payment and satisfaction of all Indemnified Matters incurred by the Indemnitees.

(C) Waiver of Certain Claims; Settlement of Claims. The Borrower further agrees not to assert claims against any of the Indemnitees on any theory of liability for consequential, special, indirect, exemplary or punitive damages against any or all of such Indemnities. No settlement shall be entered into by the Borrower with respect to any claim, litigation, arbitration or other proceeding relating to or arising out of the transactions evidenced by this Agreement or the other Loan Documents (whether or not the Administrative Agent or any Lender or any Indemnitee is a party thereto) unless such settlement releases all Indemnitees from any and all liability with respect thereto.

(D) Survival of Agreements. The obligations and agreements of the Borrower under this Section 10.7 shall survive the termination of this Agreement.

10.8. Numbers of Documents. All statements, notices, closing documents, and requests hereunder shall be furnished directly by the Borrower to the Administrative Agent and the Lenders.

10.9. Accounting. Except as provided to the contrary herein, all accounting terms used herein shall be interpreted and all accounting determinations hereunder shall be made in accordance with Agreement Accounting Principles. If any changes in generally accepted accounting principles are hereafter required or permitted and are adopted by the Borrower with the agreement of its independent public accountants and such changes result in a change in the method of calculation of any of the financial covenants, restrictions or standards herein or in the related definitions or terms used therein ("Accounting Changes"), the parties hereto agree to enter into negotiations, in good faith, in order to amend such provisions in a credit neutral manner so as to reflect equitably such Accounting Changes with the desired result that the criteria for evaluating the Borrower's financial condition shall be the same after such changes as if such changes had not been made; provided, however, until such provisions are amended in a manner reasonably satisfactory to the Administrative Agent and the Required Lenders, no Accounting Change shall be given effect in such calculations and all financial statements and reports required to be delivered hereunder shall be prepared in accordance with Agreement Accounting Principles without taking into account such Accounting Changes. In the event such amendment is entered into with respect to any Accounting Changes, all references to this Agreement to Agreement Accounting Principles shall mean generally accepted accounting principles as of the date of such amendment.

10.10. Severability of Provisions. Any provision in any Loan Document that is held to be inoperative, unenforceable, or invalid in any jurisdiction shall, as to that jurisdiction, be inoperative, unenforceable, or invalid without affecting the remaining provisions in that jurisdiction or the operation, enforceability, or validity of that provision in any other jurisdiction, and to this end the provisions of all Loan Documents are declared to be severable.

10.11. Nonliability of Lenders. The relationship between the Borrower and the Lenders and the Administrative Agent shall be solely that of borrower and lender. Neither the Administrative Agent nor any Lender shall have any fiduciary responsibilities to the Borrower. Neither the Administrative Agent nor any Lender undertakes any responsibility to the Borrower to review or inform the Borrower of any matter in connection with any phase of the Borrower's business or operations. The Lenders and the Administrative Agent shall have the obligations set forth in Section 13.4 with respect to confidential information of the Borrower.

10.12. GOVERNING LAW. ANY DISPUTE BETWEEN THE BORROWER AND THE AGENTS OR THE ARRANGERS OR ANY LENDER ARISING OUT OF, CONNECTED WITH, RELATED TO, OR INCIDENTAL TO THE RELATIONSHIP ESTABLISHED BETWEEN THEM IN CONNECTION WITH, THIS AGREEMENT OR ANY OF THE OTHER LOAN DOCUMENTS, AND WHETHER ARISING IN CONTRACT, TORT, EQUITY, OR OTHERWISE, SHALL BE RESOLVED IN ACCORDANCE WITH THE INTERNAL LAWS (WITHOUT REGARD TO THE CONFLICTS OF LAWS PROVISIONS) OF THE STATE OF ILLINOIS, BUT GIVING EFFECT TO FEDERAL LAW APPLICABLE TO NATIONAL BANKS, TO THE EXTENT SUCH FEDERAL LAW IS OTHERWISE APPLICABLE.

10.13. CONSENT TO JURISDICTION; SERVICE OF PROCESS; JURY TRIAL.

(A) JURISDICTION. EXCEPT AS PROVIDED IN SUBSECTION (B), EACH OF THE PARTIES HERETO AGREES THAT ALL DISPUTES AMONG THEM ARISING OUT OF, CONNECTED WITH, RELATED TO, OR INCIDENTAL TO THE RELATIONSHIP ESTABLISHED AMONG THEM IN CONNECTION WITH, THIS AGREEMENT OR ANY OF THE OTHER LOAN DOCUMENTS WHETHER ARISING IN CONTRACT, TORT, EQUITY, OR OTHERWISE, MAY BE RESOLVED EXCLUSIVELY BY STATE OR FEDERAL COURTS LOCATED IN CHICAGO, ILLINOIS, BUT THE PARTIES HERETO ACKNOWLEDGE THAT ANY APPEALS FROM THOSE COURTS MAY HAVE TO BE HEARD BY A COURT LOCATED OUTSIDE OF CHICAGO, ILLINOIS. EACH OF THE PARTIES HERETO WAIVES IN ALL DISPUTES BROUGHT PURSUANT TO THIS SUBSECTION (A) ANY OBJECTION THAT IT MAY HAVE TO THE LOCATION OF THE COURT CONSIDERING THE DISPUTE.

(B) OTHER JURISDICTIONS. THE BORROWER AGREES THAT THE ADMINISTRATIVE AGENT, OR ANY LENDER SHALL HAVE THE RIGHT TO PROCEED AGAINST THE BORROWER OR ITS PROPERTY IN A COURT IN ANY LOCATION TO ENABLE SUCH PERSON TO (1) OBTAIN PERSONAL JURISDICTION OVER THE BORROWER OR (2) REALIZE ON ANY SECURITY FOR THE OBLIGATIONS OR TO ENFORCE A JUDGMENT OR OTHER COURT ORDER ENTERED IN FAVOR OF SUCH PERSON. THE BORROWER AGREES THAT IT WILL NOT ASSERT ANY PERMISSIVE COUNTERCLAIMS IN ANY PROCEEDING BROUGHT BY SUCH PERSON TO REALIZE ON ANY SECURITY FOR THE OBLIGATIONS OR TO ENFORCE A JUDGMENT OR OTHER COURT ORDER IN FAVOR OF SUCH PERSON. THE BORROWER WAIVES ANY OBJECTION THAT IT MAY HAVE TO THE LOCATION OF THE COURT IN WHICH SUCH PERSON HAS COMMENCED A PROCEEDING DESCRIBED IN THIS SUBSECTION (B).

(C) VENUE. THE BORROWER IRREVOCABLY WAIVES ANY OBJECTION (INCLUDING, WITHOUT LIMITATION, ANY OBJECTION OF THE LAYING OF VENUE OR BASED ON THE GROUNDS OF FORUM NON CONVENIENS) WHICH IT MAY NOW OR HEREAFTER HAVE TO THE BRINGING OF ANY SUCH ACTION OR PROCEEDING WITH RESPECT TO THIS AGREEMENT OR ANY OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HEREWITH IN ANY JURISDICTION SET FORTH ABOVE.

10.14. WAIVER OF JURY TRIAL. EACH OF THE PARTIES HERETO IRREVOCABLY WAIVES ANY RIGHT TO HAVE A JURY PARTICIPATE IN RESOLVING ANY DISPUTE, WHETHER SOUNDING IN CONTRACT, TORT, OR OTHERWISE, ARISING OUT OF, CONNECTED WITH, RELATED TO OR INCIDENTAL TO THE RELATIONSHIP ESTABLISHED AMONG THEM IN CONNECTION WITH THIS AGREEMENT OR ANY OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HEREWITH. EACH OF THE PARTIES HERETO AGREES AND CONSENTS THAT ANY SUCH CLAIM, DEMAND, ACTION OR

CAUSE OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY AND THAT ANY PARTY HERETO MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS AGREEMENT WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE PARTIES HERETO TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.

10.15. WAIVER OF BOND. EACH OF THE BORROWER WAIVES THE POSTING OF ANY BOND OTHERWISE REQUIRED OF ANY PARTY HERETO IN CONNECTION WITH ANY JUDICIAL PROCESS OR PROCEEDING TO REALIZE ON THE COLLATERAL OR ANY OTHER SECURITY FOR THE OBLIGATIONS OR TO ENFORCE ANY JUDGMENT OR OTHER COURT ORDER ENTERED IN FAVOR OF SUCH PARTY, OR TO ENFORCE BY SPECIFIC PERFORMANCE, TEMPORARY RESTRAINING ORDER, PRELIMINARY OR PERMANENT INJUNCTION, THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT.

10.16. ADVICE OF COUNSEL. EACH OF THE PARTIES REPRESENTS TO EACH OTHER PARTY HERETO THAT IT HAS DISCUSSED THIS AGREEMENT AND, SPECIFICALLY, THE PROVISIONS OF SECTION 10.13, WITH ITS COUNSEL.

10.17. No Strict Construction. The parties hereto have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties hereto and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any provisions of this Agreement.

10.18. Customer Identification - USA Patriot Act Notice. Each Lender and LaSalle Bank (for itself and not on behalf of any other party) hereby notifies the Borrower that, pursuant to the requirements of the USA Patriot Act, Title III of Pub. L. 107-56, signed into law October 26, 2001 (the "Act"), it is required to obtain, verify and record information that identifies the Borrower, which information includes the name and address of the Borrower and other information that will allow such Lender or LaSalle Bank, as applicable, to identify the Borrower in accordance with the Act.

ARTICLE XI. THE ADMINISTRATIVE AGENT

11.1. Appointment and Authorization. Each Lender hereby irrevocably (subject to Section 11.10) appoints, designates and authorizes the Administrative Agent to take such action on its behalf under the provisions of this Agreement and each other Loan Document and to exercise such powers and perform such duties as are expressly delegated to it by the terms of this Agreement or any other Loan Document, together with such powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary contained elsewhere in this Agreement or in any other Loan Document, the Administrative Agent shall not have any duty or responsibility except those expressly set forth herein, nor shall the Administrative Agent have or be deemed to have any fiduciary relationship with any Lender or participant, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or any other Loan Document or otherwise exist against the Administrative Agent. Without limiting the generality of the foregoing sentence, the use of the term "agent" herein and in other Loan Documents with reference to the Administrative Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable law. Instead, such term is used merely as a matter of market custom, and is intended to create or reflect only an administrative relationship between independent contracting parties.

11.2. Issuing Bank. Each Issuing Bank shall act on behalf of the Lenders (according to their Pro Rata Shares) with respect to any Letters of Credit issued by it and the documents associated therewith. Each Issuing Bank shall have all of the benefits and immunities (a) provided to the Administrative Agent in this Article XI with respect to any acts taken or omissions suffered by such Issuing Bank in connection with Letters of Credit issued by it or proposed to be issued by it and the applications and agreements for letters of credit pertaining to such Letters of Credit as fully as if the term "Administrative Agent", as used in this Article XI, included the Issuing Bank with respect to such acts or omissions and (b) as additionally provided in this Agreement with respect to the Issuing Bank.

11.3. Delegation of Duties. The Administrative Agent may execute any of its duties under this Agreement or any other Loan Document by or through agents, employees or attorneys-in-fact and shall be entitled to advice of counsel and other consultants or experts concerning all matters pertaining to such duties. The Administrative Agent shall not be responsible for the negligence or misconduct of any agent or attorney-in-fact that it selects in the absence of gross negligence or willful misconduct.

11.4. Exculpation of Administrative Agent. None of the Administrative Agent nor any of its directors, officers, employees or agents shall (a) be liable for any action taken or omitted to be taken by any of them under or in connection with this Agreement or any other Loan Document or the transactions contemplated hereby (except to the extent resulting from its own gross negligence or willful misconduct in connection with its duties expressly set forth herein as determined by a final, nonappealable judgment by a court of competent jurisdiction), or (b) be responsible in any manner to any Lender or participant for any recital, statement, representation or warranty made by the Borrower or any Affiliate of the Borrower, or any officer thereof, contained in this Agreement or in any other Loan Document, or in any certificate, report, statement or other document referred to or provided for in, or received by the Administrative Agent under or in connection with, this Agreement or any other Loan Document, or the validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or any other Loan Document (or the creation, perfection or priority of any Lien or security interest therein), or for any failure of the Borrower or any other party to any Loan Document to perform its Obligations hereunder or thereunder. The Administrative Agent shall not be under any obligation to any Lender to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Agreement or any other Loan Document, or to inspect the properties, books or records of the Borrower or any of the Borrower's Subsidiaries or Affiliates.

11.5. Reliance by Administrative Agent. The Administrative Agent shall be entitled to rely, and shall be fully protected in relying, upon any writing, communication, signature, resolution, representation, notice, consent, certificate, electronic mail message, affidavit, letter, telegram, facsimile, telex or telephone message, statement or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons, and upon advice and statements of legal counsel (including counsel to the Borrower), independent accountants and other experts selected by the Administrative Agent. The Administrative Agent shall be fully justified in failing or refusing to take any action under this Agreement or any other Loan Document unless it shall first receive such advice or concurrence of the Required Lenders as it deems appropriate and, if it so requests, confirmation from the Lenders of their obligation to indemnify the Administrative Agent against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action. The Administrative Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement or any other Loan Document in accordance with a request or consent of the Required Lenders and such request and any action taken or failure to act pursuant thereto shall be binding upon each Lender. For purposes of determining compliance with the conditions specified in Article V, each Lender that has signed this Agreement shall be deemed to have consented to, approved or accepted or to be satisfied with, each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to a Lender unless the Administrative Agent shall have received written notice from such Lender prior to the proposed Closing Date specifying its objection thereto.

11.6. Notice of Default. The Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Unmatured Default except with respect to defaults in the payment of principal, interest and fees required to be paid to the Administrative Agent for the account of the Lenders, unless the Administrative Agent shall have received written notice from a Lender or the Borrower referring to this Agreement, describing such Default or Unmatured Default and stating that such notice is a "notice of default". The Administrative Agent will notify the Lenders of its receipt of any such notice. The Administrative Agent shall take such action with respect to such Default or Unmatured Default as may be requested by the Required Lenders in accordance with Article VIII; provided that unless and until the Administrative Agent has received any such request, the Administrative Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default or Unmatured Default as it shall deem advisable or in the best interest of the Lenders.

11.7. Credit Decision. Each Lender acknowledges that the Administrative Agent has not made any representation or warranty to it, and that no act by the Administrative Agent hereafter taken, including any consent and acceptance of any assignment or review of the affairs of the Borrower, shall be deemed to constitute any representation or warranty by the Administrative Agent to any Lender as to any matter, including whether the Administrative Agent has disclosed material information in its possession. Each Lender represents to the Administrative Agent that it has, independently and without reliance upon the Administrative Agent and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, prospects, operations, property, financial and other condition and creditworthiness of the Borrower, and made its own decision to enter into this Agreement and to extend credit to the Borrower hereunder. Each Lender also represents that it will, independently and without reliance upon the Administrative Agent and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Agreement and the other Loan Documents, and to make such investigations as it deems necessary to inform itself as to the business, prospects, operations, property, financial and other condition and creditworthiness of the Borrower. Except for notices, reports and other documents expressly herein required to be furnished to the Lenders by the Administrative Agent, the Administrative Agent shall not have any duty or responsibility to provide any Lender with any credit or other information concerning the business, prospects, operations, property, financial or other condition or creditworthiness of the Borrower which may come into the possession of the Administrative Agent.

11.8. Indemnification. Whether or not the transactions contemplated hereby are consummated, each Lender shall indemnify upon demand the Administrative Agent and its directors, officers, employees and agents (to the extent not reimbursed by or on behalf of the Borrower and without limiting the obligation of the Borrower to do so), according to its applicable Pro Rata Share, from and against any and all Indemnified Matters (as hereinafter defined); provided that no Lender shall be liable for any payment to any such Person of any portion of the Indemnified Matters to the extent determined by a final, nonappealable judgment by a court of competent jurisdiction to have resulted from the applicable Person's own gross negligence or willful misconduct. No action taken in accordance with the directions of the Required Lenders shall be deemed to constitute gross negligence or willful misconduct for purposes of this Section. Without limitation of the foregoing, each Lender shall reimburse the Administrative Agent upon demand for its ratable share of any costs or out-of-pocket expenses (including attorney costs and Taxes) incurred by the Administrative Agent in connection with the preparation, execution, delivery, administration, modification, amendment or enforcement (whether through negotiations, legal proceedings or otherwise) of, or legal advice in respect of rights or responsibilities under, this Agreement, any other Loan Document, or any document contemplated by or referred to herein, to the extent that the Administrative Agent is not reimbursed for such expenses by or on behalf of the Borrower. The undertaking in this Section shall survive repayment of the Loans, cancellation of the Notes, expiration or termination of the Letters of Credit, any foreclosure under, or modification, release or discharge of, any or all of the Collateral Documents, termination of this Agreement and the resignation or replacement of the Administrative Agent.

11.9. Administrative Agent in Individual Capacity. LaSalle Bank and its Affiliates may make loans to, issue letters of credit for the account of, accept deposits from, acquire equity interests in and generally engage in any kind of banking, trust, financial advisory, underwriting or other business with the Borrower and its Affiliates as though LaSalle Bank were not the Administrative Agent hereunder and without notice to or consent of any Lender. Each Lender acknowledges that, pursuant to such activities, LaSalle Bank or its Affiliates may receive information regarding the Borrower or its Affiliates (including information that may be subject to confidentiality obligations in favor of the Borrower or such Affiliate) and acknowledge that the Administrative Agent shall be under no obligation to provide such information to them. With respect to their Loans (if any), LaSalle Bank and its Affiliates shall have the same rights and powers under this Agreement as any other Lender and may exercise

the same as though LaSalle Bank were not the Administrative Agent, and the terms "Lender" and "Lenders" include LaSalle Bank and its Affiliates, to the extent applicable, in their individual capacities.

11.10. Successor Administrative Agent. The Administrative Agent may resign as Administrative Agent upon 30 days' notice to the Lenders. If the Administrative Agent resigns under this Agreement, the Required Lenders shall, with (so long as no Default exists) the consent of the Borrower (which shall not be unreasonably withheld or delayed), appoint from among the Lenders a successor agent for the Lenders. If no successor agent is appointed prior to the effective date of the resignation of the Administrative Agent, the Administrative Agent may appoint, after consulting with the Lenders and the Borrower, a successor agent from among the Lenders. Upon the acceptance of its appointment as successor agent hereunder, such successor agent shall succeed to all the rights, powers and duties of the retiring Administrative Agent and the term "Administrative Agent" shall mean such successor agent, and the retiring Administrative Agent's appointment, powers and duties as Administrative Agent shall be terminated. After any retiring Administrative Agent's resignation hereunder as Administrative Agent, the provisions of this Article 11 and Sections 10.7 and 10.18 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent under this Agreement. If no successor agent has accepted appointment as Administrative Agent by the date which is 30 days following a retiring Administrative Agent's notice of resignation, the retiring Administrative Agent's resignation shall nevertheless thereupon become effective and the Lenders shall perform all of the duties of the Administrative Agent hereunder until such time, if any, as the Required Lenders appoint a successor agent as provided for above.

11.11. Collateral Matters. The Lenders irrevocably authorize the Administrative Agent, at its option and in its discretion, to release any Lien granted to or held by the Administrative Agent under any Collateral Document (i) upon termination of the Commitments and payment in full of all Loans and all other obligations of the Borrower hereunder and the expiration or termination of all Letters of Credit; (ii) constituting property sold or to be sold or disposed of as part of or in connection with any disposition permitted hereunder; or (iii) subject to Section 9.4, if approved, authorized or ratified in writing by the Required Lenders. Upon request by the Administrative Agent at any time, the Lenders will confirm in writing the Administrative Agent's authority to release, or subordinate its interest in, particular types or items of collateral pursuant to this Section 11.11. Each Lender hereby authorizes the Administrative Agent to give blockage notices in connection with any Subordinated Debt at the direction of Required Lenders and agrees that it will not act unilaterally to deliver such notices.

11.12. Administrative Agent May File Proofs of Claim. In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relative to the Borrower, the Administrative Agent (irrespective of whether the principal of any Loan shall then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether the Administrative Agent shall have made any demand on the Borrower) shall be entitled and empowered, by intervention in such proceeding or otherwise:

to file and prove a claim for the whole amount of the principal and interest owing and unpaid in respect of the Loans, and all other Obligations that are owing and unpaid and to file such other documents as may be necessary or advisable in order to have the claims of the Lenders and the Administrative Agent (including any claim for the reasonable compensation, expenses, disbursements and advances of the Lenders and the Administrative Agent and their respective agents and counsel and all other amounts due the Lenders and the Administrative Agent under Article X, Sections 10.7 and 10.18) allowed in such judicial proceedings; and

to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Lender to make such payments to the Administrative Agent and, in the event that the Administrative Agent shall consent to the making of such payments directly to the Lenders, to pay to the Administrative Agent any amount due for the reasonable compensation, expenses, disbursements and advances of the Administrative Agent and its agents and counsel, and any other amounts due the Administrative Agent under Article X, Sections 10.7 and 10.18.

Nothing contained herein shall be deemed to authorize the Administrative Agent to authorize or consent to or accept or adopt on behalf of any Lender any plan of reorganization, arrangement, adjustment or composition affecting the Obligations or the rights of any Lender or to authorize the Administrative Agent to vote in respect of the claim of any Lender in any such proceeding.

11.13. Other Agents; Arrangers and Managers. None of the Lenders or other Persons identified on the facing page or signature pages of this Agreement as a "syndication agent," "documentation agent," "co-agent," "book manager," "lead manager," "arranger," "lead arranger" or "co-arranger", if any, shall have any right, power, obligation, liability, responsibility or duty under this Agreement other than, in the case of such Lenders, those applicable to all Lenders as such. Without limiting the foregoing, none of the Lenders or other Persons so identified shall have or be deemed to have any fiduciary relationship with any Lender. Each Lender acknowledges that it has not relied, and will not rely, on any of the Lenders or other Persons so identified in deciding to enter into this Agreement or in taking or not taking action hereunder.

ARTICLE XII. SETOFF; RATABLE PAYMENTS

12.1. Setoff. In addition to, and without limitation of, any rights of the Lenders under applicable law, if any Default occurs and is continuing, any indebtedness from any Lender to the Borrower (including all account balances (other than (a) those funds contained in the Custody Agreement dated as of March 26, 2003 between the Borrower and LaSalle Bank to the extent such funds do not constitute property of the Borrower, and (b) any Segregated Accounts deposited with a Lender, now existing or later created), whether provisional or final and whether or not collected or available) may be offset and applied toward the payment of the Obligations owing to such Lender, whether or not the Obligations, or any part hereof, shall then be due.

12.2. Ratable Payments. If any Lender, whether by setoff or otherwise, has payment made to it upon its Loans (other than payments received pursuant to Sections 4.1, 4.2 or 4.4) in a greater proportion than that received by any other Lender, such Lender agrees, promptly upon demand, to purchase a portion of the Loans held by the other Lenders so that after such purchase each Lender will hold its ratable proportion of Loans. If any Lender, whether in connection with setoff or amounts which might be subject to setoff or otherwise, receives collateral or other protection for its Obligation or such amounts which may be subject to setoff, such Lender agrees, promptly upon demand, to take such action necessary such that all Lenders share in the benefits of such collateral ratably in proportion to the obligations owing to them. In case any such payment is disturbed by legal process, or otherwise, appropriate further adjustments shall be made.

12.3. Application of Payments. Subject to the provisions of Section 9.2, the Administrative Agent shall, unless otherwise specified at the direction of the Required Lenders which direction shall be consistent with the last sentence of this Section 12.3, apply all payments and prepayments in respect of any Obligations and all proceeds of Collateral in the following order:

(A) first, to pay interest on and then principal of any portion of the Loans which the Administrative Agent may have advanced on behalf of any Lender for which the Administrative Agent has not then been reimbursed by such Lender or the Borrower;

(B) second, to pay interest on and then principal of any advance made under Section 10.3 for which the Administrative Agent has not then been paid by the Borrower or reimbursed by the Lenders;

(C) third, to pay Obligations in respect of any fees, expense reimbursements or indemnities then due to the Administrative Agent;

(D) fourth, to pay Obligations in respect of any fees, expenses, reimbursements or indemnities then due to the Lenders and the issuer(s) of Letters of Credit;

(E) fifth, to pay interest due in respect of Loans and L/C Obligations;

(F) sixth, to the ratable payment or prepayment of principal outstanding on Loans and Reimbursement Obligations in such order as the Administrative Agent may determine in its sole discretion;

(G) seventh, to provide required cash collateral, if required pursuant to Section 3.11 and

(H) eighth, to the ratable payment of all other Obligations.

Unless otherwise designated (which designation shall only be applicable prior to the occurrence of a Default) by the Borrower, all principal payments in respect of Loans shall be applied first, to repay outstanding Floating Rate Loans, and then to repay outstanding Eurodollar Rate Loans with those Eurodollar Rate Loans which have earlier expiring Interest Periods being repaid or prepaid prior to those which have later expiring Interest Periods. The order of priority set forth in this Section 12.3 and the related provisions of this Agreement are set forth solely to determine the rights and priorities of the Administrative Agent, the Lenders and the issuer(s) of Letters of Credit as among themselves. The order of priority set forth in clauses (D) through (J) of this Section 12.3 may at any time and from time to time be changed by the Required Lenders without necessity of notice to or consent of or approval by the Borrower, or any other Person. The order of priority set forth in clauses (A) through (C) of this Section 12.3 may be changed only with the prior written consent of the Administrative Agent.

12.4. Relations Among Lenders.

(A) Except with respect to the exercise of set-off rights of any Lender in accordance with Section 12.1, the proceeds of which are applied in accordance with this Agreement, and except as set forth in the following sentence, each Lender agrees that it will not take any action, nor institute any actions or proceedings, against the Borrower or any other obligor hereunder or with respect to any Loan Document, without the prior written consent of the Required Lenders or, as may be provided in this Agreement or the other Loan Documents, at the direction of the Administrative Agent.

(B) The Lenders are not partners or co-venturers, and no Lender shall be liable for the acts or omissions of, or (except as otherwise set forth herein in case of the Administrative Agent) authorized to act for, any other Lender. The Administrative Agent shall have the exclusive right on behalf of the Lenders to enforce on the payment of the principal of and interest on any Loan after the date such principal or interest has become due and payable pursuant to the terms of this Agreement.

ARTICLE XIII. BENEFIT OF AGREEMENT; ASSIGNMENTS; PARTICIPATIONS

13.1. Successors and Assigns. The terms and provisions of the Loan Documents shall be binding upon and inure to the benefit of the Borrower and the Lenders and their respective successors and assigns, except that (i) the Borrower shall not have the right to assign its rights or obligations under the Loan Documents and (ii) any assignment by any Lender must be made in compliance with Section 13.3 hereof. Notwithstanding clause (ii) of this Section 13.1, any Lender may at any time, without the consent of the Borrower or the Administrative Agent, assign all or any portion of its rights under this Agreement and its Notes to a Federal Reserve Bank; provided, however, that no such assignment shall release the transferor Lender from its obligations hereunder. The Administrative Agent may treat the payee of any Note as the owner thereof for all purposes hereof unless and until such payee complies with Section 13.3 hereof in the case of an assignment thereof or, in the case of any other transfer, a written notice of the transfer is filed with the Administrative Agent. Any assignee or transferee of a Note agrees by acceptance thereof to

be bound by all the terms and provisions of the Loan Documents. Any request, authority or consent of any Person, who at the time of making such request or giving such authority or consent is the holder of any Note, shall be conclusive and binding on any subsequent holder, transferee or assignee of such Note or of any Note or Notes issued in exchange therefor.

13.2. Participations.

(A) Permitted Participants; Effect. Subject to the terms set forth in this Section 13.2, any Lender may, in the ordinary course of its business and in accordance with applicable law, at any time sell to one or more banks or other entities ("Participants") participating interests in any Loan owing to such Lender, any Note held by such Lender, any Revolving Loan Commitment of such Lender, any L/C Interest of such Lender or any other interest of such Lender under the Loan Documents on a pro rata or non-pro rata basis. Notice of such participation to the Borrower and the Administrative Agent shall be required prior to any participation becoming effective with respect to a Participant which is not a Lender or an Affiliate thereof. In the event of any such sale by a Lender of participating interests to a Participant, such Lender's obligations under the Loan Documents shall remain unchanged, such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, such Lender shall remain the holder of any such Note for all purposes under the Loan Documents, all amounts payable by the Borrower under this Agreement shall be determined as if such Lender had not sold such participating interests, and the Borrower and the Administrative Agent shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under the Loan Documents except that, for purposes of Article IV hereof, the Participants shall be entitled to the same rights as if they were Lenders. The Lender selling a participating interest on its Loan, and the Participant(s) therein, shall bear their own fees and expenses incurred in connection with any such participation, and the Borrower shall have no obligation for any such fees or expenses.

(B) Voting Rights. Each Lender shall retain the sole right to approve, without the consent of any Participant, any amendment, modification or waiver of any provision of the Loan Documents other than any amendment, modification or waiver with respect to any Loan or Revolving Loan Commitment in which such Participant has an interest which forgives principal, interest or fees or reduces the interest rate or fees payable pursuant to the terms of this Agreement with respect to any such Loan or Revolving Loan Commitment, postpones any date fixed for any regularly-scheduled payment of principal of, or interest or fees on, any such Loan or Revolving Loan Commitment, or releases a significant portion of the Collateral, if any, securing any such Loan.

(C) Benefit of Setoff. The Borrower agrees that each Participant shall be deemed to have the right of setoff provided in Section 12.1 hereof in respect to its participating interest in amounts owing under the Loan Documents to the same extent as if the amount of its participating interest were owing directly to it as a Lender under the Loan Documents, provided that each Lender shall retain the right of setoff provided in Section 12.1 hereof with respect to the amount of participating interests sold to each Participant except to the extent such Participant exercises its right of setoff. The Lenders agree to share with each Participant, and each Participant, by exercising the right of setoff provided in Section 12.1 hereof, agrees to share with each Lender, any amount received pursuant to the exercise of its right of setoff, such amounts to be shared in accordance with Section 12.2 as if each Participant were a Lender.

13.3. Assignments.

(A) Permitted Assignments. Any Lender may, in the ordinary course of its business and in accordance with applicable law, at any time assign to one or more banks or other entities ("Purchasers") all or a portion of its rights and obligations under this Agreement (including, without limitation, its Revolving Loan Commitment, all Loans owing to it, all of its participation interests in existing Letters of Credit, and its obligation to participate in additional Letters of Credit hereunder) in accordance with the provisions of this Section 13.3. Each assignment shall be of a constant, and not a varying, ratable percentage of all of the assigning Lender's rights and obligations under this Agreement. Such assignment shall be substantially in the form of Exhibit E hereto and shall not be permitted hereunder unless such assignment is either for all of such Lender's rights and obligations under the Loan Documents or, without the prior written consent of the Administrative Agent, involves loans and commitments in an aggregate amount of at least $5,000,000 (which minimum amount may be waived by the Required Lenders after the occurrence of a Default or Unmatured Default). The consent of the Administrative Agent and, prior to the occurrence of a Default or Unmatured Default, the Borrower (which consent, in each such case, shall not be unreasonably withheld), shall be required prior to an assignment becoming effective with respect to a Purchaser which is not a Lender or an Affiliate thereof. The Lender assigning an interest in its Loan, and the Purchase(s) thereof, shall bear their own fees and expenses incurred in connection with any such transaction, and the Borrower shall have no obligation for any such fees or expenses.

(B) Effect; Effective Date. Upon (i) delivery to the Administrative Agent of a notice of assignment, substantially in the form attached as Appendix I to Exhibit E hereto (a "Notice of Assignment"), together with any consent required by Section 13.3. (A) hereof, and (ii), in the case of an assignment to a Purchaser which is not a Lender or an Affiliate thereof, payment of a $3,500 fee to the Administrative Agent for processing such assignment, such assignment shall become effective on the effective date specified in such Notice of Assignment. The Notice of Assignment shall contain a representation by the Purchaser to the effect that none of the consideration used to make the purchase of the Commitment, Loans and L/C Obligations under the applicable assignment agreement are "plan assets" as defined under ERISA and that the rights and interests of the Purchaser in and under the Loan Documents will not be "plan assets" under ERISA. On and after the effective date of such assignment, such Purchaser, if not already a Lender, shall for all purposes be a Lender party to this Agreement and any other Loan Documents executed by the Lenders and shall have all the rights and obligations of a Lender under the Loan Documents, to the same extent as if it were an original party hereto, and no further consent or action by the Borrower, the Lenders or the Administrative Agent shall be required to release the transferor Lender with respect to the percentage of the Aggregate Revolving Loan Commitment, Loans and Letter of Credit participations assigned to such Purchaser. Upon the consummation of any assignment to a Purchaser pursuant to this

Section 13.3(B), the transferor Lender, the Administrative Agent and the Borrower shall make appropriate arrangements so that replacement Notes are issued to such transferor Lender and new Notes or, as appropriate, replacement Notes, are issued to such Purchaser, in each case in principal amounts reflecting their Revolving Loan Commitment, as adjusted pursuant to such assignment.

(C) The Register. The Administrative Agent shall maintain at its address referred to in Section 14.1 a copy of each assignment delivered to and accepted by it pursuant to this Section 13.3 and a register (the "Register") for the recordation of the names and addresses of the Lenders and the Revolving Loan Commitment of and principal amount of the Loans owing to, each Lender from time to time and whether such Lender is an original Lender or the assignee of another Lender pursuant to an assignment under this Section 13.3. The entries in the Register shall be conclusive and binding for all purposes, absent manifest error, and the Borrower, the Administrative Agent and the Lenders may treat each Person whose name is recorded in the Register as a Lender hereunder for all purposes of this Agreement. The Register shall be available for inspection by the Borrower or any Lender at any reasonable time and from time to time upon reasonable prior notice.

13.4. Confidentiality. Subject to Section 13.5, the Administrative Agent and the Lenders shall hold all nonpublic information obtained pursuant to the requirements of this Agreement and identified as such by the Borrower in accordance with such Person's customary procedures for handling confidential information of this nature and in accordance with safe and sound banking practices and in any event may make disclosure reasonably required by a prospective Transferee in connection with the contemplated participation or assignment or as required or requested by any Governmental Authority or representative thereof or pursuant to legal process and shall require any such Transferee to agree (and require any of its Transferees to agree) to comply with this Section 13.4. In no event shall the Administrative Agent or any Lender be obligated or required to return any materials furnished by the Borrower; provided, however, each prospective Transferee shall be required to agree that if it does not become a participant or assignee it shall return all materials furnished to it by or on behalf of the Borrower in connection with this Agreement.

13.5. Dissemination of Information. The Borrower authorizes each Lender to disclose to any Participant or Purchaser or any other Person acquiring an interest in the Loan Documents by operation of law (each a "Transferee") and any prospective Transferee any and all information in such Lender's possession concerning the Borrower; provided that prior to any such disclosure, such prospective Transferee shall agree to preserve in accordance with Section 13.4 the confidentiality of any confidential information described therein.

ARTICLE XIV. NOTICES

14.1. Giving Notice. Except as otherwise permitted by Section 2.14 with respect to borrowing notices, all notices and other communications provided to any party hereto under this Agreement or any other Loan Documents shall be in writing or by telex or by facsimile and addressed or delivered to such party at its address set forth below its signature hereto or at such other address as may be designated by such party in a notice to the other parties. Any notice, if mailed and properly addressed with postage prepaid, shall be deemed given when received; any notice, if transmitted by telex or facsimile, shall be deemed given when transmitted (answerback confirmed in the case of telexes).

14.2. Change of Address. The Borrower, the Administrative Agent and any Lender may each change the address for service of notice upon it by a notice in writing to the other parties hereto.

ARTICLE XV. COUNTERPARTS

This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one agreement, and any of the parties hereto may execute this Agreement by signing any such counterpart. This Agreement shall be effective when it has been executed by the Borrower, the Administrative Agent and the Lenders and each party has notified the Administrative Agent by telex or telephone, that it has taken such action.

IN WITNESS WHEREOF, the Borrower, the Lenders and the Administrative Agent have executed this Amended and Restated Credit Agreement as of the date first above written.

STRATEGIC ENERGY, L.L.C.
as the Borrower
By: /s/Lee McCracken
Name: Lee McCracken
Title: Vice President-Finance
Address: Two Gateway Center
Pittsburgh, PA 15222-1458
Attention: Lee McCracken, Vice President-Finance
Telephone No.: 412-394-5674
Facsimile No.: 412-394-6664

LASALLE BANK NATIONAL ASSOCIATION
as Administrative Agent, as a Lender and as an Issuing Bank
By: /s/Mark H. Veach
Name: Mark H. Veach
Title: First Vice President

Address: 30 South Meridian Street, Suite 800
Indianapolis, IN 46204
Attention: Mark H. Veach
Telephone No.: 317-756-7011
Facsimile No.: 317-756-7021

PNC BANK, National Association
as a Syndication Agent and Lender
By: /s/Thomas A. Majeski
Name: Thomas A. Majeski
Title: Vice President
Address: One PNC Plaza, 2nd Floor
249 Fifth Avenue
Pittsburgh, PA 15222-2707
Attention: Thomas A. Majeski
Telephone No.: 412-762-2431
Facsimile No.: 412-762-6484

CITIZENS BANK OF PENNSYLVANIA
as Lender
By: /s/Dwayne R. Finney
Name: Dwayne R. Finney
Title: Vice President
Address: 525 William Penn Place, 29th Floor
Pittsburgh, PA 15219-1729
Attention: Dwayne R. Finney
Telephone No.: 412-867-2425
Facsimile No.: 412-552-6307

PROVIDENT BANK
as Lender
By: /s/Brian Ciaverella
Name: Brian Ciaverella
Title: Senior Vice President
Address: 309 Vine Street -- 235D
Cincinnati, OH 45202
Attention: Brian Ciaverella
Telephone No.: 412-263-4890
Facsimile No.: 412-263-4732

FIFTH THIRD BANK
as Lender
By: /s/Jim Janovsky
Name: Jim Janovsky
Title: Vice President
Address: 1404 East Ninth Street
Cleveland, OH 44114
Attention: Jim Janovsky
Telephone No.: 412-937-1855 x 27
Facsimile No.: 412-937-9896

SKY BANK
as Lender
By: /s/W. Christopher Kohler
Name: W. Christopher Kohler
Title: Vice President
Address: The Times Building
336 Fourth Avenue
Pittsburgh, PA 15222
Attention: W. Christopher Kohler
Telephone No.: (412) 227-6496
Facsimile No.: (412) 227-4866

AMENDED AND RESTATED LIMITED GUARANTY

This AMENDED AND RESTATED LIMITED GUARANTY (as the same may be amended from time to time, the "Guaranty") is made as of the 2nd day of July, 2004, by Great Plains Energy Incorporated, a Missouri corporation (the "Guarantor"), in favor of the "Lenders" under that certain Amended and Restated Credit Agreement, dated as of July 2, 2004, by and among Strategic Energy, L.L.C., a Delaware limited liability company (the "Borrower"), the financial institutions from time to time parties thereto as Lenders (collectively, the "Lenders") and LaSalle Bank National Association, a national banking association, in its capacity as contractual representative for the Holders of Obligations (the "Administrative Agent"), as it may be amended, modified or supplemented from time to time (the "Credit Agreement").

1. Definitions. Capitalized terms used in this Agreement and not otherwise defined herein or in the Credit Agreement shall have the following meanings, applicable to both the singular and plural forms of the terms defined. Unless otherwise defined herein, capitalized terms used herein shall have the meanings ascribed to them in the Credit Agreement.

As used in this Guaranty:

"Base Guaranty Amount" means an amount equal to $25,000,000; provided, however that at the end of each fiscal quarter of Borrower on or after July 1, 2005, the Base Guaranty Amount shall be recalculated (and correspondingly increased or decreased) to be (i) $25,000,000 if the Net Worth of the Borrower is less than $100,000,000, (ii) $12,500,000 if the Net Worth of the Borrower is between $100,000,000 and $125,000,000, or (iii) $0.00 if the Net Worth of Borrower exceeds $125,000,000, provided, further, that no decrease of the Base Guaranty Amount shall be effective if at the time of determination a Default or Unmatured Default under the Credit Agreement or Event of Default or GPE Cross Default under this Guaranty has occurred and is continuing. A reduction of the Base Guaranty Amount to $0.00 shall not constitute a termination of this Guaranty.

"Event of Default" means each of the following occurrences:

(A) Breach of Covenants or Obligations. The Guarantor shall fail duly and punctually to perform or observe any agreement, covenant or obligation binding on the Guarantor under this Guaranty.

(B) Breach of Representation or Warranty. Any representation or warranty made or deemed made by the Guarantor herein or in any statement or certificate at any time given by the Guarantor pursuant to this Guaranty shall be false or misleading in any material respect on the date as of which made (or deemed made).

(C) Involuntary Bankruptcy; Appointment of Receiver, Etc.

(i) An involuntary case shall be commenced against the Guarantor and the petition shall not be dismissed, stayed, bonded or discharged within sixty (60) days after commencement of the case; or a court having jurisdiction in the premises shall enter a decree or order for relief in respect of the Guarantor in an involuntary case, under any applicable bankruptcy, insolvency or other similar law now or hereinafter in effect; or any other similar relief shall be granted under any applicable federal, state, local or foreign law.

(ii) A decree or order of a court having jurisdiction in the premises for the appointment of a receiver, liquidator, sequestrator, trustee, custodian or other officer having similar powers over the Guarantor or over all or a substantial part of the property of the Guarantor shall be entered; or an interim receiver, trustee or other custodian of the Guarantor or of all or a substantial part of the property of the Guarantor shall be appointed or a warrant of attachment, execution or similar process against any substantial part of the property of the Guarantor shall be issued and any such event shall not be stayed, dismissed, bonded or discharged within sixty (60) days after entry, appointment or issuance.

(D) Voluntary Bankruptcy; Appointment of Receiver, Etc. The Guarantor shall (i) commence a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, (ii) consent to the entry of an order for relief in an involuntary case, or to the conversion of an involuntary case to a voluntary case, under any such law, (iii) consent to the appointment of or taking possession by a receiver, trustee or other custodian for all or a substantial part of its property, (iv) make any assignment for the benefit of creditors or (v) take any corporate action to authorize any of the foregoing.

(E) Dissolution. Any order, judgment or decree shall be entered against the Guarantor decreeing its involuntary dissolution or split up and such order shall remain undischarged and unstayed for a period in excess of sixty (60) days; or the Guarantor shall otherwise dissolve or cease to exist.

(F) Failure of GPE Guarantee Increase to Become Effective. A GPE Guarantee Increase fails to become effective because a GPE Cross Default has occurred and is continuing.

"Expenses" is defined in Section 2(ii) of this Guaranty.

"EBITDA" shall have the meaning given to it in the Credit Agreement.

"Financial Covenants" means those financial covenants contained in Section 7.4 of the Credit Agreement.

"Financial Covenant Default" shall have the meaning given to it in the Credit Agreement.

"GPE Credit Agreement" means that certain Three Year Credit Agreement dated as of March 5, 2004 among the Guarantor, the lenders party thereto and Bank One, NA, as Administrative Agent, as the same may be amended from time to time, and any renewal or extension thereof.

"GPE Cross Default" means (i) a Default, which solely for purposes of this definition, shall have the same meaning as in the GPE Credit Agreement, and (ii) a default or event of default under any replacement or refinancing of the GPE Credit Agreement.

"GPE Guarantee Increase" shall have the meaning given to it in the Credit Agreement.

"Guaranty Adjustment Amount" means, initially, an amount equal to Zero Dollars ($0.00), provided, however, that so long as no Default or Unmatured Default under the Credit Agreement or Event of Default or GPE Cross Default under this Guaranty has occurred and is continuing, the Guarantor may at its option amend this Guaranty pursuant to the Guaranty Amount Amendment Agreement within fifteen (15) days after the end of a fiscal quarter to (i) increase the amount of the Guaranty Adjustment Amount by the amount of a GPE Guarantee Increase, or (ii) to decrease the amount of the Guaranty Adjustment Amount, so long as no Default or Unmatured Default under the Credit Agreement exists or will result therefrom, all subject to the limitation that the Guaranty Adjustment Amount can not be reduced to less than Zero Dollars ($0.00). Changes in the Guaranty Adjustment Amount shall become effective as of the immediately preceding fiscal quarter end, provided that all conditions to effectiveness of the related Guaranty Amount Amendment Agreement have been satisfied.

"Guaranty Amount Amendment Agreement" means that certain amendment form attached hereto as Exhibit A and incorporated herein.

"Maximum Guaranty Amount" means an amount equal to the Base Guaranty Amount plus the Guaranty Adjustment Amount.

"Net Worth" shall have the meaning given to it in the Credit Agreement.

"Unmatured Default" shall have the meaning given to it in the Credit Agreement, except that a Financial Covenant Breach shall not be deemed to be an Unmatured Default.

2. Guaranty.

(i) For value received and in consideration of any loan, advance or financial accommodation of any kind whatsoever heretofore, now or hereafter made, given or granted to the Borrower by the Lenders, the Guarantor unconditionally guarantees for the benefit of each of the Holders of Obligations the full and prompt payment when due and payable (by acceleration or otherwise) following the occurrence of a Default, and at all times thereafter, of all of the Obligations (including, without limitation, interest accruing following the filing of a bankruptcy petition by or against the Borrower, at the applicable rate specified in the Credit Agreement, whether or not such interest is allowed as a claim in bankruptcy); provided, however, that the liability of the Guarantor under this Guaranty shall be limited to the Expenses plus an amount equal to the Maximum Guaranty Amount in effect at such time.

(ii) After the occurrence and during the continuance of a Default, the Guarantor shall (a) pay to the Administrative Agent, for the benefit of the Holders of Obligations, within three (3) Business Days of the occurrence of the Default and in immediately available funds, the full amount of the Obligations (including any portion thereof which is not yet due and payable), and (b) pay to the Administrative Agent and reimburse the Administrative Agent for, on demand (but no sooner than three (3) days after the occurrence of the Default) and in immediately available funds, all reasonable and documented fees, costs and expenses (including, without limitation, all reasonable and documented court costs and attorneys' and paralegals' fees, costs and expenses) paid or incurred by the Administrative Agent or any of the Holders of Obligations in: (1) endeavoring to collect all or any part of the Obligations from, or in prosecuting any action against, the Guarantor relating to this Guaranty or the transactions contemplated thereby; and (2) preserving, protecting or defending the enforceability of, or enforcing, this Guaranty or their respective rights hereunder (all such costs and expenses are hereinafter referred to as the "Expenses"); provided, however, that the liability of the Guarantor under this Guaranty shall be limited to the Expenses plus an amount equal to the Maximum Guaranty Amount in effect at such time. The Guarantor hereby agrees that this Guaranty is an absolute guaranty of payment and is not a guaranty of collection.

3. Obligations Unconditional.

The Guarantor hereby agrees that its obligations under this Guaranty shall be unconditional, irrespective of:

(i) the validity, enforceability, avoidance, novation or subordination of any of the Obligations or any of the Loan Documents;

(ii) the absence of any attempt by, or on behalf of, any Holder of Obligations or the Administrative Agent to collect, or to take any other action to enforce, all or any part of the Obligations whether from or against the Borrower, any other guarantor of the Obligations or any other Person;

(iii) the election of any remedy by, or on behalf of, any Holder of Obligations or the Administrative Agent with respect to all or any part of the Obligations;

(iv) the waiver, consent, extension, forbearance or granting of any indulgence by, or on behalf of, any Holder of Obligations or the Administrative Agent with respect to any provision of any of the Loan Documents;

(v) the failure of the Administrative Agent to take any steps to perfect and maintain its security interest in, or to preserve its rights to, any security or collateral for the Obligations;

(vi) the election by, or on behalf of, any one or more of the Holders of Obligations, in any proceeding instituted under Chapter 11 of Title 11 of the United States Code (11 U.S.C. 101 et seq.) (the "Bankruptcy Code"), of the application of Section 1111(b)(2) of the Bankruptcy Code;

(vii) any borrowing or grant of a security interest by the Borrower, as debtor-in-possession, under Section 364 of the Bankruptcy Code;

(viii) the disallowance, under Section 502 of the Bankruptcy Code, of all or any portion of the claims of any of the Holders of Obligations or the Administrative Agent for repayment of all or any part of the Obligations or any Expenses; or

(ix) any other circumstance which might otherwise constitute a legal or equitable discharge or defense of the Borrower or the Guarantor.

4. Enforcement; Application of Payments. If payment under this Guaranty is not made by the Guarantor as required under Section 2(ii) of this Guaranty, the Administrative Agent may proceed directly and at once, without notice, against the Guarantor to obtain performance of and to collect and recover the full amount, or any portion, of the Obligations (subject to the limitations set forth in Section 2 of this Guaranty), without first proceeding against the Borrower or any other Person, or against any security or collateral for the Obligations. Subject only to the terms and provisions of the Credit Agreement, the Administrative Agent shall have the exclusive right to determine the application of payments and credits, if any, from the Guarantor, the Borrower or from any other Person on account of the Obligations or any other liability of the Guarantor to any Holder of Obligations.

5. Representations and Warranties. The Guarantor represents and warrants as follows to each Lender and the Administrative Agent as of the date hereof:

(i) The Guarantor (a) is a corporation duly organized, validly existing and in existence under the laws of the jurisdiction of its organization, (b) is duly qualified to do business as a foreign corporation and is in good standing under the laws of each jurisdiction in which failure to be so qualified and in good standing could reasonably be expected to have a material adverse effect on the business, condition (financial or otherwise), operations, performance, properties or prospects of the Guarantor, and (c) has all requisite corporate power and authority to own, operate and encumber its property;

(ii) The Guarantor has the requisite corporate power and authority to execute, deliver and perform this Guaranty and any other document required to be delivered by it under the Credit Agreement, and this Guaranty has been duly executed and delivered and constitutes the legal, valid and binding obligation of the Guarantor enforceable against the Guarantor in accordance with its terms; and

(iii) The execution, delivery and performance of this Guaranty do not and will not (a) conflict with the Articles of Incorporation or By-Laws of the Guarantor, (b) require any approval of the Guarantor's shareholders except such as has been obtained, (c) require any approval or consent of any Person or Governmental Authority, or under the terms of any material agreement except as such has been obtained, and (d) will not result in or require the creation of any lien or security interest upon or with respect to any of the properties or assets of the Guarantor.

6. Covenants. The Guarantor covenants and agrees that during the term of this Guaranty the Guarantor shall (i) promptly upon either of the chief executive officer or chief financial officer, of the Guarantor obtaining knowledge of any condition or event which constitutes an Event of Default or a GPE Cross Default, deliver to the Administrative Agent an officer's certificate specifying (a) the nature and period of existence of any such Event of Default or GPE Cross Default, (b) the notice given or action taken by any other Person in connection therewith, and (c) what action the Guarantor has taken, is taking or proposes to take with respect thereto, and (ii) promptly notify the Administrative Agent of any event or action which results in the GPE Credit Agreement becoming a secured obligation of the Guarantor.

7. Waivers.

(i) The Guarantor hereby waives diligence, presentment, demand of payment, filing of claims with a court in the event of receivership or bankruptcy of the Borrower, protest or notice with respect to the Obligations, all setoffs and counterclaims and all presentments, demands for performance, notices of nonperformance, protests, notices of protest, notices of dishonor and notices of acceptance of this Guaranty, and all other demands whatsoever (and shall not require that the same be made on the Borrower as a condition precedent to the Guarantor's obligations hereunder), and covenants that this Guaranty will not be discharged, except by complete payment (in cash) and performance of the Obligations (subject to the limitations set forth in Section 2 of this Guaranty) and any other obligations contained herein. The Guarantor further waives all notices of the existence, creation or incurring of new or additional indebtedness, arising either from additional loans extended to the Borrower or otherwise, and also waives all notices that the principal amount, or any portion thereof, and/or any interest on any instrument or document evidencing

all or any part of the Obligations is due, notices of any and all proceedings to collect from the maker, any endorser or any other guarantor of all or any part of the Obligations, or from any other Person, and, to the extent permitted by law, notices of exchange, sale, surrender or other handling of any security or collateral, given to the Administrative Agent to secure payment of all or any part of the Obligations.

(ii) The Holders of Obligations, either themselves or acting through the Administrative Agent, may from time to time in their sole discretion, without notice or demand and without affecting the liability of the Guarantor hereunder: (a) renew, extend, accelerate or otherwise change the time for payment of, or other terms relating to, all or any part of the Obligations, or otherwise modify, amend or change the terms of any of the Loan Documents; (b) accept partial payments on all or any part of the Obligations; (c) take and hold security or collateral for the payment of all or any part of the Obligations, this Guaranty, or any other guaranties of all or any part of the Obligations or other liabilities of the Borrower, (d) exchange, enforce, waive and release any such security or collateral; (e) apply such security or collateral and direct the order or manner of sale thereof as in their discretion they may determine; (f) settle, release, exchange, enforce, waive, compromise or collect or otherwise liquidate all or any part of the Obligations, this Guaranty, any other guaranty of all or any part of the Obligations, and any security or collateral for the Obligations or for any such guaranty; and/or (g) otherwise deal with the Borrower or any other Person that may become liable for all or any part of the Obligations. Any of the foregoing may be done in any manner, without affecting or impairing the obligations of the Guarantor hereunder.

8. Setoff. At any time after all or any part of the Obligations have become due and payable (by acceleration or otherwise) following the occurrence of a Default, each Holder of Obligations and the Administrative Agent may, without notice to the Guarantor and regardless of the acceptance of any security or collateral for the payment hereof, appropriate and apply toward the payment of all or any part of the Obligations (subject to the limitations set forth in Section 2 of this Guaranty) (i) any indebtedness due or to become due from such Holder of Obligations or the Administrative Agent to the Guarantor, and (ii) any moneys, credits or other property belonging to the Guarantor, at any time held by or coming into the possession of such Holder of Obligations or the Administrative Agent or any of their respective affiliates.

9. Financial Information. The Guarantor hereby assumes responsibility for keeping itself informed of the financial condition of the Borrower and any and all endorsers and/or other guarantors of all or any part of the Obligations, and of all other circumstances bearing upon the risk of nonpayment of the Obligations, or any part thereof, that diligent inquiry would reveal, and the Guarantor hereby agrees that none of the Holders of Obligations nor the Administrative Agent shall have any duty to advise the Guarantor of information known to any of them regarding such condition or any such circumstances. In the event any Holder of Obligations, in its sole discretion, undertakes at any time or from time to time to provide any such information to the Guarantor, such Holder of Obligations shall be under no obligation (i) to undertake any investigation not a part of its regular business routine, (ii) to disclose any information which such Holder of Obligations, pursuant to accepted or reasonable commercial finance or banking practices, wishes to maintain confidential or (iii) to make any other or future disclosures of such information or any other information to the Guarantor.

10. No Marshaling; Reinstatement. The Guarantor consents and agrees that none of the Holders of Obligations nor the Administrative Agent nor any Person acting for or on behalf of the Holders of Obligations or the Administrative Agent shall be under any obligation to marshal any assets in favor of the Guarantor or against or in payment of any or all of the Obligations. The Guarantor further agrees that, to the extent that the Borrower, the Guarantor or any other guarantor of all or any part of the Obligations makes a payment or payments to any Holder of Obligations or the Administrative Agent, or any Holder of Obligations or the Administrative Agent receives any proceeds of Collateral, which payment or payments or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside and/or required to be repaid to the Borrower, the Guarantor, such other guarantor or any other Person, or their respective estates, trustees, receivers or any other party, including, without limitation, the Guarantor, under any bankruptcy law, state or federal law, common law or equitable cause, then, to the extent of such payment or repayment, the part of the Obligations which has been paid, reduced or satisfied by such amount shall be reinstated and continued in full force and effect as of the time immediately preceding such initial payment, reduction or satisfaction.

11. Subrogation; Assignment of Claims. The Guarantor hereby agrees not to (i) exercise any rights of subrogation (whether contractual, under Section 509 of the Bankruptcy Code, under common law, or otherwise) to the claims of the Lenders and the Administrative Agent against Borrower or any contractual, statutory or common law rights of contribution, reimbursement, indemnification and similar rights and "claims" (as such term is defined in the Bankruptcy Code) against Borrower which arise in connection with, or as a result of, this Guaranty or, (ii) assign or transfer to any Person any claim the Guarantor has or may have against the Borrower, until, in each case, such time as the Obligations have been indefeasibly paid in full (in cash) and all financing commitments contained in the Credit Agreement have been terminated.

12. Enforcement; Amendments; Waivers. No delay on the part of any of the Holders of Obligations or the Administrative Agent in the exercise of any right or remedy arising under this Guaranty, the Credit Agreement, any of the other Loan Documents or otherwise with respect to all or any part of the Obligations, the Collateral or any other guaranty of or security for all or any part of the Obligations shall operate as a waiver thereof, and no single or partial exercise by any such Person of any such right or remedy shall preclude any further exercise thereof. No modification or waiver of any of the provisions of this Guaranty shall be binding upon the Holders of Obligations or the Administrative Agent, except as expressly set forth in a writing duly signed and delivered by the party making such modification or waiver and approved by the Administrative Agent. Failure by any of the Holders of Obligations or the Administrative Agent at any time or times hereafter to require strict performance by the Borrower, the Guarantor, any other guarantor of all or any part of the Obligations or any other Person of any of the provisions, warranties, terms and conditions contained in any of the Loan Documents now or at any time or times hereafter executed by such Persons and delivered to the Administrative Agent or any Holder of Obligations shall not waive, affect or diminish any right of the

Administrative Agent or such Holder of Obligations at any time or times hereafter to demand strict performance thereof and such right shall not be deemed to have been waived by any act or knowledge of the Administrative Agent or any Holder of Obligations, or their respective agents, officers or employees, unless such waiver is contained in an instrument in writing, directed and delivered to the Borrower or the Guarantor, as applicable, specifying such waiver, and is signed by the party or parties necessary to give such waiver under the Credit Agreement. No waiver of any Default by the Administrative Agent or any Holder of Obligations shall operate as a waiver of any other Default or the same Default on a future occasion, and no action by the Administrative Agent or any Holder of Obligations permitted hereunder shall in any way affect or impair the Administrative Agent's or any Holder of Obligations' rights and remedies or the obligations of the Guarantor under this Guaranty. Any determination by a court of competent jurisdiction of the amount of any principal and/or interest owing by the Borrower to any of the Holders of Obligations shall be conclusive and binding on the Guarantor irrespective of whether the Guarantor was a party to the suit or action in which such determination was made.

13. Effectiveness; Termination. This Guaranty shall become effective upon its execution by the Guarantor and shall continue in full force and effect until the Obligations shall have been indefeasibly paid (in cash) and discharged and the financing commitments contained in the Credit Agreement shall have been terminated. The Guarantor may terminate or revoke this Guaranty; provided, however that such termination or revocation shall not be effective until ten (10) Business Days after written notice of such revocation or termination, specifically referring hereto, signed by the Guarantor, is actually received by the Administrative Agent. Such notice shall not affect (i) the liability of the Guarantor for any Obligations, and (ii) the right and power of any of the Holders of Obligations or the Administrative Agent to enforce their rights under this Guaranty, which in either case arose prior to the effective time of such revocation or termination. If any Holder of Obligations grants loans or takes other action after the Guarantor terminates or revokes this Guaranty but before the Administrative Agent receives such written notice, the rights of such Holder of Obligations with respect thereto shall be the same as if such termination or revocation had not occurred.

14. Successors and Assigns. This Guaranty shall be binding upon the Guarantor and upon its successors and assigns and shall inure to the benefit of the Holders of Obligations and the Administrative Agent and their respective successors and assigns permitted pursuant to the Credit Agreement; all references herein to the Borrower and to the Guarantor shall be deemed to include their respective successors and assigns. The successors and assigns of the Guarantor and the Borrower shall include, without limitation, their respective receivers, trustees or debtors-in-possession. All references to the singular shall be deemed to include the plural where the context so requires.

15. Officer Authority. The undersigned hereby certifies that he/she has all necessary authority to grant and execute this Guaranty on behalf of the Guarantor.

16. Governing Law. This Guaranty shall be governed by and interpreted and enforced in accordance with the internal laws (without regard to conflicts of law provisions) of the State of Illinois. Without limiting the foregoing, any dispute between the Administrative Agent and the Guarantor arising out of or related to the relationship established between them in connection with this Guaranty, and whether arising in contract, tort, equity, or otherwise, shall be resolved in accordance with the internal laws, and not the conflicts of law provisions, of the State of Illinois.

17. Consent to Jurisdiction; Counterclaims; Forum Non Conveniens.

(a) Exclusive Jurisdiction. Except as provided in subsection (b) of this Section 17, the Administrative Agent, on behalf of itself and the Holders of Obligations, and the Guarantor agree that all disputes between them arising out of or related to the relationship established between them in connection with this Guaranty, whether arising in contract, tort, equity, or otherwise, shall be resolved only by state or federal courts located in Chicago, Illinois, but the parties acknowledge that any appeals from those courts may have to be heard by a court located outside of Chicago, Illinois.

(b) Other Jurisdictions. The Administrative Agent shall have the right to proceed against the Guarantor or its real or personal property in a court in any location to enable the Administrative Agent to obtain personal jurisdiction over the Guarantor or to enforce a judgment or other court order entered in favor of the Administrative Agent. The Guarantor shall not assert any permissive counterclaims in any proceeding brought by the Administrative Agent under this clause (b) arising out of or relating to this Guaranty.

(c) Venue; Forum Non Conveniens. Each of the Guarantor and the Administrative Agent waives any objection that it may now or hereafter have (including, without limitation, any objection to the laying of venue or based on forum non conveniens) to the location of the court in which any proceeding with respect to this Guaranty or any other document executed or delivered in connection herewith is commenced in accordance with this Section 16.

18. Waiver of Jury Trial. Each of the Guarantor and the Administrative Agent waives any right to trial by jury in any dispute, whether sounding in contract, tort, or otherwise, between the Administrative Agent and the Guarantor arising out of or related to the transactions contemplated by this Guaranty or any other instrument, document or agreement executed or delivered in connection herewith. Either the Guarantor or the Administrative Agent may file an original counterpart or a copy of this Guaranty with any court as written evidence of the consent of the parties hereto to the waiver of their right to trial by jury.

19. Waiver of Bond. The Guarantor waives the posting of any bond otherwise required of the Administrative Agent in connection with any judicial process or proceeding to enforce any judgment or other court order entered in favor of the Administrative Agent, or to enforce by specific performance, temporary restraining order, or preliminary or permanent injunction, this Guaranty or any other agreement or document between the Administrative Agent and the Guarantor.

20. Advice of Counsel. The Guarantor represents and warrants that it has consulted with its legal counsel regarding all waivers under this Guaranty, including without limitation those under Section 7 and Sections 17 through 19 hereof, that it believes that it fully understands all rights that it is waiving and the effect of such waivers, that it assumes the risk of any misunderstanding that it may have regarding any of the foregoing, and that it intends that such waivers shall be a material inducement to the Administrative Agent and the Holders of Obligations to extend the indebtedness guaranteed hereby.

21. Notices. All notices and other communications required or desired to be served, given or delivered hereunder shall be in writing or by a telecommunications device capable of creating a printed record and shall be addressed to the party to be notified as follows:

if to the Guarantor, at:

Great Plains Energy, Incorporated
1201 Walnut
Kansas City, Missouri 64106
Attention: Andrea F. Bielsker
Telecopy: 816-556-2924
Confirmation: 816-556-2059

if to the Administrative Agent, at:

LaSalle Bank National Association
30 South Meridian Street, Suite 800
Indianapolis, Indiana 46204
Attention: Mark H. Veach
Telecopy: 317-756-7021
Confirmation: 317-756-7011

if to the Lenders, at:

LaSalle Bank National Association
30 South Meridian Street, Suite 800
Indianapolis, Indiana 46204
Attention: Mark H. Veach
Telecopy: 317-756-7021
Confirmation: 317-756-7011

PNC Bank, National Association
One PNC Plaza, 2nd Floor
249 Fifth Avenue
Pittsburgh, PA 15222-2707
Attention: Thomas A. Majeski
Telecopy: 412-762-6484
Confirmation: 412-762-2431

Citizens Bank of Pennsylvania
525 William Penn Place, 29th Floor
Pittsburgh, PA 15219-1729
Attention: Dwayne R. Finney
Telecopy: 412-552-6307
Confirmation: 412-867-2425

Provident Bank
309 Vine Street -- 235D
Cincinnati, OH 45202
Attention: Brian Ciaverella
Telecopy: 412-263-4890
Confirmation: 412-263-4732

Fifth Third Bank
1404 E. Ninth Street
Cleveland, OH 44114
Attention: Jim Janovsky
Telecopy: 412-937-9896
Confirmation: 412-937-1855 x 27

Sky Bank
The Times Building
336 Fourth Avenue
Pittsburgh, PA 15222
Attention: W. Christopher Kohler
Telecopy: 412-227-6496
Confirmation: 412-227-4866

or, as to each party, at such other address as designated by such party in a written notice to the other party. All such notices and communications shall be deemed to be validly served, given or delivered (i) three (3) days following deposit in the United States mails, with proper postage prepaid; (ii) upon delivery thereof if delivered by hand to the party to be notified; (iii) upon delivery thereof to a reputable overnight courier service, with delivery charges prepaid; or (iv) upon confirmation of receipt thereof if transmitted by a telecommunications device.

22. Severability. Wherever possible, each provision of this Guaranty shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Guaranty shall be prohibited by or invalid under such law, such provision shall be ineffective to the extent of such prohibition or invalidity without invalidating the remainder of such provision or the remaining provisions of this Guaranty.

23. Merger. This Guaranty represents the final agreement of the Guarantor with respect to the matters contained herein and may not be contradicted by evidence of prior or contemporaneous agreements, or subsequent oral agreements, between the Guarantor and the Administrative Agent or any Holder of Obligations.

24. Execution in Counterparts. This Guaranty may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

25. No Strict Construction. The parties hereto have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties hereto and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any provisions of this Agreement.

[Signature Page Follows]

IN WITNESS WHEREOF, this Amended and Restated Guaranty has been duly executed by the Guarantor as of the day and year first set forth above.

GREAT PLAINS ENERGY INCORPORATED
as the Guarantor
By: /s/Andrea F. Bielsker
Name: Andrea F. Bielsker
Title: Senior Vice President-Finance, Chief Financial Officer and Treasurer

Acknowledged and
Accepted as at July 2, 2004

LASALLE BANK NATIONAL ASSOCIATION,
as Administrative Agent

By:/s/Mark H. Veach
Name: March H. Veach
Title: First Vice President

June 30, 2004

Great Plains Energy Incorporated
1201 Walnut
Kansas City, Missouri 64141
Attention: Andrea F. Bielsker, Treasurer

Re: First Amendment to Credit Agreement

Dear Ladies/Gentlemen:

Please refer to the 364-Day Credit Agreement dated as of March 5, 2004 (the "Credit Agreement") among Great Plains Energy Incorporated (the "Borrower"), various financial institutions and Bank One, NA, as Administrative Agent. Capitalized terms used but not defined herein have the respective meanings set forth in the Credit Agreement.

At the request of the Borrower, the Required Lenders agree that the Credit Agreement is amended as follows:

(a) The definition of "Excluded Issuance" set forth in Section 1.1 of the Credit Agreement is amended by replacing the reference to "$100,000,000" therein with "$140,000,000".

(b) Section 6.12(xvii) is amended in its entirety to read as follows:

(xvii) Liens on Property of Strategic Energy, L.L.C. and its Subsidiaries securing Indebtedness of Strategic Energy, L.L.C. under the credit facilities referred to in clause (iv)(a) of the definition of "Excluded Issuance".

This letter amendment may be executed in any number of counterparts and by the different parties on separate counterparts, and each such counterpart shall be deemed to be an original but all such counterparts shall together constitute one and the same letter amendment. This letter amendment shall become effective when the Administrative Agent has received (by facsimile or otherwise) counterparts hereof executed by the Borrower and the Required Lenders.

This letter amendment shall be construed in accordance with the internal laws (and not the law of conflicts) of the State of Illinois, but giving effect to Federal laws applicable to national banks.

The Borrower represents and warrants to the Administrative Agent and the Lenders that, after giving effect to the effectiveness hereof, (a) the representations and warranties contained in Article V of the Credit Agreement are true and correct (except to the extent any such representation or warranty is stated to relate solely to an earlier date, in which case such representation or warranty shall have been true and correct on and as of such earlier date) and (b) no Default or Unmatured Default exists.

Except as specifically set forth above, the Credit Agreement shall remain in full force and effect and is hereby ratified and confirmed in all respects. After the effectiveness hereof, all references in the Credit Agreement to "Agreement" or similar terms shall refer to the Credit Agreement as amended hereby.

Very truly yours,

BANK ONE, NA, as Administrative Agent and as a Lender

By: /s/Jane Bek Keil
Name: Jane Bek Keil
Title: Director

BNP PARIBAS

By: /s/Mark A. Renaud
Title: Managing Director

By: /s/Dan Cozine
Title: Managing Director

COMMERZBANK AG
New York and Grand Cayman Branches

By: _____
Title: _____

KEYBANK NATIONAL ASSOCIATION

By: /s/Laurie Muller
Title: Senior Vice President

WACHOVIA BANK, NATIONAL ASSOCIATION

By: /s/Rotcher Watkins
Title: Managing Director

COBANK, ACB

By: _____
Title: _____

THE BANK OF NEW YORK

By: /s/Nathan S. Howard
Title: Vice President

THE BANK OF NOVA SCOTIA

By: /s/Denis P. O'Meara
Title: Managing Director

PNC BANK, NATIONAL ASSOCIATION

By: /s/Thomas A. Majeski
Title: Vice President

U.S. BANK, NATIONAL ASSOCIATION

By: _____
Title: _____

BANK HAPOALIM

By: _____
Title: _____

LASALLE BANK NATIONAL ASSOCIATION

By: /s/Meghan C. Payne
Title: FVP

BANK OF AMERICA, N.A.

By: /s/Michelle A. Schoenfeld
Title: Principal

THE BANK OF TOKYO-MITSUBISHI, LTD.

By: _____
Title: _____

MIZUHO CORPORATE BANK, LTD.

By: _____
Title: _____

FLEET NATIONAL BANK

By: /s/Michelle A. Schoenfeld
Title: Principal

FIFTH THIRD BANK

By: /s/Christine L. Wagner
Title: Vice President

MERRILL LYNCH BANK USA

By: /s/Louis Alder
Title: Director

Acknowledged and Agreed:

GREAT PLAINS ENERGY INCORPORATED

By: /s/Andrea F. Bielsker
Name: Andrea F. Bielsker
Title: Senior Vice President - Finance and
Chief Financial Officer and Treasurer

June 30, 2004

Great Plains Energy Incorporated
1201 Walnut
Kansas City, Missouri 64141
Attention: Andrea F. Bielsker, Treasurer

Re: First Amendment to Credit Agreement

Dear Ladies/Gentlemen:

Please refer to the Three-Year Credit Agreement dated as of March 5, 2004 (the "Credit Agreement") among Great Plains Energy Incorporated (the "Borrower"), various financial institutions and Bank One, NA, as Administrative Agent. Capitalized terms used but not defined herein have the respective meanings set forth in the Credit Agreement.

At the request of the Borrower, the Required Lenders agree that Section 6.12(xvii) is amended in its entirety to read as follows:

(xvii) Liens on Property of Strategic Energy, L.L.C. and its Subsidiaries securing Indebtedness of Strategic Energy, L.L.C. under a credit facility providing for revolving credit advances to Strategic Energy, L.L.C. in an aggregate amount not exceeding $140,000,000.

This letter amendment may be executed in any number of counterparts and by the different parties on separate counterparts, and each such counterpart shall be deemed to be an original but all such counterparts shall together constitute one and the same letter amendment. This letter amendment shall become effective when the Administrative Agent has received (by facsimile or otherwise) counterparts hereof executed by the Borrower and the Required Lenders.

This letter amendment shall be construed in accordance with the internal laws (and not the law of conflicts) of the State of Illinois, but giving effect to Federal laws applicable to national banks.

The Borrower represents and warrants to the Administrative Agent and the Lenders that, after giving effect to the effectiveness hereof, (a) the representations and warranties contained in Article V of the Credit Agreement are true and correct (except to the extent any such representation or warranty is stated to relate solely to an earlier date, in which case such representation or warranty shall have been true and correct on and as of such earlier date) and (b) no Default or Unmatured Default exists.

Except as specifically set forth above, the Credit Agreement shall remain in full force and effect and is hereby ratified and confirmed in all respects. After the effectiveness hereof, all references in the Credit Agreement to "Agreement" or similar terms shall refer to the Credit Agreement as amended hereby.

Very truly yours,

BANK ONE, NA, as Administrative Agent and as a Lender

By: /s/Jane Bek Keil
Name: Jane Bek Keil
Title: Director

BNP PARIBAS

By: /s/Mark A. Renaud
Title: Managing Director

By: /s/Dan Cozine
Title: Managing Director

COMMERZBANK AG
New York and Grand Cayman Branches

By: _____
Title: _____

KEYBANK NATIONAL ASSOCIATION

By: /s/Laurie Muller
Title: Senior Vice President

WACHOVIA BANK, NATIONAL ASSOCIATION

By: /s/Rotcher Watkins
Title: Managing Director

COBANK, ACB

By: _____
Title: _____

THE BANK OF NEW YORK

By: /s/Nathan S. Howard
Title: Vice President

THE BANK OF NOVA SCOTIA

By: Denis P. O'Meara
Title: Managing Director

PNC BANK, NATIONAL ASSOCIATION

By: Thomas A. Majeski
Title: Vice President

U.S. BANK, NATIONAL ASSOCIATION

By: _____
Title: _____

BANK HAPOALIM

By: _____
Title: _____

LASALLE BANK NATIONAL ASSOCIATION

By: Meghan C. Payne
Title: FVP

BANK OF AMERICA, N.A.

By: Michelle A. Schoenfeld
Title: Principal

THE BANK OF TOKYO-MITSUBISHI, LTD.

By: _____
Title: _____

MIZUHO CORPORATE BANK, LTD.

By: _____
Title: _____

FLEET NATIONAL BANK

By: Michelle A. Schoenfeld
Title: Principal

FIFTH THIRD BANK

By: Christine L. Wagner
Title: Vice President

MERRILL LYNCH BANK USA

By: /s/Louis Alder
Title: Director

Acknowledged and Agreed:

GREAT PLAINS ENERGY INCORPORATED

By: /s/Andrea F. Bielsker
Name: Andrea F. Bielsker
Title: Senior Vice President - Finance and
Chief Financial Officer and Treasurer

AGREEMENT DATED MAY 10, 2004

1 Upon execution of this document, Innovative Energy Consultants Inc. ("IEC") will direct LaSalle National Bank to wire transfer all of the remaining funds currently escrowed in respect of the entire Put Interest to an account or accounts identified by SE Holdings, L.L.C. ("SE Holdings"). Simultaneously, SE Holdings will deliver to IEC an assignment of the remaining shares (less the one unit of each class SE Holdings is retaining).

2 For a period of one year following the execution of this Agreement, IEC will be obligated to SE Holdings for 1.031% of any dividends paid by Strategic Energy L.L.C. ("Strategic Energy"). Following that one year period, IEC will remain obligated to SE Holdings for 0.773% of any dividends paid by Strategic Energy for the period the funds are restricted. Payments of these dividend amounts shall be made promptly into the Fund Account following the payment of dividends by Strategic Energy to its other shareholders. As to the calendar year in which the last of the funds becomes unrestricted, IEC will pay SE Holdings a percentage of the total dividends paid in that calendar year in respect of the restricted funds based upon the date on which the funds became unrestricted. (E.g., if the funds became unrestricted on January 20 of a given year, SE Holdings would receive 20/365 or 5.48% of the tot al dividends attributable to the restricted funds for the year.)

3 The joint defense agreement concerning the Haberstroh litigation, modified to reflect this agreement and new counsel, will remain in place unless and until it is terminated pursuant to the provisions for termination set forth in the agreement or is terminated by operation of law or court order.

4 SE Holdings, SE Inc. and each individual holding an equity interest in SE Holdings or SE Inc. (each "Member") hereby gives IEC and Strategic Energy an indemnification holding IEC and Strategic Energy harmless from any judgment on or settlement of Haberstroh's claim against the equity in SE Holdings insofar as that claim relates to the equity interest in Custom Energy Holdings, L.L.C. ("Custom Energy") that is being tendered in the Put exercised in early 2004 ("the Put"), including distributions related to the equity interests. This indemnification is limited to and capped at the value SE Holdings is receiving for that portion of the tendered equity interest in which Haberstroh claims an equity interest ($8,154,957) plus any dividends or interest received in relation to that interest.

5 In return, Strategic Energy and IEC hereby give SE Holdings an indemnification holding SE Holdings and each Member harmless from any judgment on or settlement of Haberstroh's claim related to the portions of the case not related to the equity interest, except those portions as to which the parties reserve their rights in (paragraph symbol) 7.

6 If there is ever any question about how to allocate any settlement or judgment amount in order to determine what portion of a settlement or judgment should be fairly charged to this fund owned by SE Holdings, the parties agree to meet promptly and negotiate a resolution, and if such resolution cannot be reached within seven business days, then to submit the question to a neutral selected by mutual agreement or appointed by JAMS if the parties cannot agree on a neutral. The neutral will set up a schedule to receive written submissions and make a final and binding, non-appealable decision on the matter within forty days of his or her selection. Each party will bear its own costs and attorney fees in connection with this process. The cost of the neutral will be divided equally.

7 The parties to this Agreement reserve all rights as to:

a. any portion of a damage award or settlement relating to Haberstroh's claim against the equity in SE Holdings insofar as that claim does not relate to the equity interest in Custom Energy that is being tendered in the Put;

b. any damage award in addition to compensatory damages, such as an award of attorney's fees or liquidated damages under the Wage Payment and Collection Law.

These issues as to which the parties are reserving their rights may be resolved by negotiation or by a neutral in accordance with the procedure set forth in paragraph 6.

8 Upon receipt of the funds transferred pursuant to paragraph 1, $8,000,000 will be placed in an investment account at a bank or brokerage firm in Pittsburgh subject to the following conditions:

a. SE Holdings can invest the funds as it sees fit in that account which it will own ("Fund Account"). It is responsible for any taxes and any fees related to those funds.

b. Until the conditions of release occur, SE Holdings cannot remove any funds or transfer funds out of the Fund Account for one year from the date of this Agreement, except only to the extent necessary to pay such tax obligations as have been generated by the transfer of the shares in exchange for $8,000,000. That permitted draw down can be made only after Strategic Energy is notified and gives its consent which may not be withheld so long as the request matches the calculated tax obligation.

c. The remainder of the Fund Account less any tax draw down, reflected in paragraph b above, acts as the fund from which any settlement or judgment of the claim against the equity, including distributions related to the equity and interest related to the equity can be paid. In the event any settlement or judgment in the Haberstroh litigation related to the indemnification results in an amount higher than the funds in the Fund Account, SE Holdings and SE, Inc. agree to pay into the Fund Account such funds as are necessary to cover that indemnity obligation to Strategic Energy. If SE Holdings and SE, Inc., cannot fully cover that obligation, then the individual Members will put in the amounts necessary to cover the obligation in the same percentage as they owned in SE Holdings.

d. After one year, SE Holdings, SE, Inc. and the Members will be obligated to maintain a minimum balance in this account of $6 million and may, at its discretion and subject to paragraph c, disburse the remaining funds. After one year if the balance in the Fund Account exceeds $6 million, subject to paragraph c, SE Holdings may transfer funds out of the Fund Account as it sees fit without prior approval of Strategic Energy.

e. Once the Haberstroh case is resolved by settlement, judgment or dismissal and to the extent that it may have become relevant, any allocation has been decided by agreement or by a neutral, the appropriate amount will be withdrawn to satisfy the allocated amount for satisfaction of a judgment or payment of a settlement, the parties will execute mutual releases with respect to the indemnification and SE Holdings thereafter can do what it wishes with the remainder of the funds.

f. SE Holdings will pay all fees, commissions and taxes relating to the funds in the Fund Account. Strategic Energy will be responsible for all fees, costs and expenses as it may incur in protecting its interest with respect to said funds.

9 The agreement will not alter, abridge or modify any rights or obligations any party may have pursuant to other Agreements to which they may be a party except that the release contemplated in the February 9, 2004 letter agreement will not release the claims related to the Haberstroh litigation, this agreement and the indemnification.

10 This Agreement does not create any rights in third parties who are not signatories to this Agreement. It is entered into for the purpose of providing an orderly process for wrapping up the details of the transfer of funds pursuant to the tender of the Put interest. The parties, who are in a joint defense agreement, reiterate that the Haberstroh termination was lawful and in all respects appropriate and that his litigation is wholly without merit.

11 This Agreement is binding on the successors, if any, to IEC, Strategic Energy, SE Holdings and SE, Inc.

Now, intending to be legally bound and acknowledging that this agreement is supported by fair and adequate consideration, the following parties execute this Agreement on the date shown by each signature. Parties signing for a corporate entity or partnership hereby represent that they are authorized to sign for such entity.

Attest: SE HOLDINGS, LLC

By: /s/Richard M. Zomnir

MEMBERS OF SE HOLDINGS, LLC

By: /s/Richard M. Zomnir
SE Inc.

/s/Patrick J. Purdy
Patrick J. Purdy

/s/Alexander Galatic
Alexander Galatic

/s/Joseph Kubacki
Joseph Kubacki

/s/James F. Booritch
James F. Booritch

/s/John E. Molinda
John E. Molinda

SE, INC.

By: /s/Richard M. Zomnir

SHARHOLDERS OF SE, INC.

By: /s/Richard M. Zomnir
Richard M. Zomnir

/s/Chester R. Babst
Chester R. Babst

/s/Dean A. Calland
Dean A. Calland

/s/Frank J. Clements
Frank J. Clements

STRATEGIC ENERGY, LLC

By: /s/Jan L. Fox

INNOVATIVE ENERGY CONSULTANTS INC.

By: /s/Mark G. English

GREAT PLAINS ENERGY

COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES

	Year to date June 30 2004	2003	2002	2001	2000	1999
			(thousands)			
Income (loss) from continuing operations before cumulative effect of changes in accounting principles	$ 70,948	$189,702	$136,702	$ (28,428)	$ 53,014	$ 82,485
Add:						
Equity investment (income) loss	613	2,018	1,173	(23,641)	22,994	22,328
Minority interests in subsidiaries	435	(1,263)	-	(897)	-	-
Income subtotal	71,996	190,457	137,875	(52,966)	76,008	104,813
Add:						
Taxes on income	32,112	78,565	51,348	(34,672)	7,926	4,707
Kansas City earnings tax	299	418	635	583	421	602
Total taxes on income	32,411	78,983	51,983	(34,089)	8,347	5,309
Interest on value of leased property	3,209	5,944	7,093	10,679	11,806	8,577
Interest on long-term debt	33,381	58,847	65,837	83,549	57,896	51,327
Interest on short-term debt	2,716	5,442	6,312	9,915	11,050	3,178
Mandatorily redeemable Preferred Securities	-	9,338	12,450	12,450	12,450	12,450
Other interest expense and amortization	2,009	3,912	3,760	5,188	2,927	3,573
Total fixed charges	41,315	83,483	95,452	121,781	96,129	79,105
Earnings before taxes on income and fixed charges	$145,722	$352,923	$285,310	$ 34,726	$180,484	$189,227
Ratio of earnings to fixed charges	3.53	4.23	2.99	(a)	1.88	2.39

(a) An $87.1 million deficiency in earnings caused the ratio of earnings to fixed charges to be less than a one-to-one coverage. A $195.8 million net write-off before income taxes related to the bankruptcy filing of DTI was recorded in 2001.

CERTIFICATIONS

I, Michael J. Chesser, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Great Plains Energy Incorporated;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report:

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 6, 2004 [redacted]

/s/Michael J. Chesser [redacted]

Michael J. Chesser
Chairman of the Board and Chief Executive Officer

CERTIFICATIONS

I, Andrea F. Bielsker, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Great Plains Energy Incorporated;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report:

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 6, 2004

/s/Andrea F. Bielsker

Andrea F. Bielsker
Senior Vice President - Finance, Chief Financial Officer and Treasurer

Certification of CEO and CFO Pursuant to
18 U.S.C. Section 1350,
as Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report on Form 10-Q of Great Plains Energy Incorporated (the "Company") for the quarterly period ended June 30, 2004 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Michael J. Chesser, as Chairman of the Board and Chief Executive Officer of the Company, and Andrea F. Bielsker, as Senior Vice President - Finance, Chief Financial Officer and Treasurer of the Company, each hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his or her knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/Michael J. Chesser
[redacted]
Name: Michael J. Chesser
Title: Chairman of the Board and Chief Executive Officer
Date: August 6, 2004

/s/Andrea F. Bielsker
[redacted]
Name: Andrea F. Bielsker
Title: Senior Vice President - Finance, Chief Financial Officer and Treasurer
Date: August 6, 2004

This certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document. This certification shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 or otherwise subject to liability under that section. This certification shall not be deemed to be incorporated by reference into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934 except to the extent this Exhibit 32.1 is expressly and specifically incorporated by reference in any such filing.

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Great Plains Energy Incorporated and will be retained by Great Plains Energy Incorporated and furnished to the Securities and Exchange Commission or its staff upon request.

KANSAS CITY POWER & LIGHT COMPANY

COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES

	Year to date June 30 2004	2003	2002	2001	2000	1999
				(thousands)		
Income from continuing operations before cumulative effect of changes in accounting principle	$ 53,512	$125,845	$102,666	$116,065	$ 53,014	$ 82,485
Add:						
Equity investment (income) loss	-	-	-	(23,516)	22,994	22,328
Minority interests in subsidiaries	(2,521)	(1,263)	-	(897)	-	-
Income subtotal	50,991	124,582	102,666	91,652	76,008	104,813
Add:						
Taxes on income	31,443	83,572	62,857	31,935	7,926	4,707
Kansas City earnings tax	299	418	635	583	421	602
Total taxes on income	31,742	83,990	63,492	32,518	8,347	5,309
Interest on value of leased property	3,209	5,944	7,093	10,679	11,806	8,577
Interest on long-term debt	33,004	57,697	63,845	78,915	57,896	51,327
Interest on short-term debt	269	560	1,218	8,883	11,050	3,178
Mandatorily redeemable Preferred Securities	-	9,338	12,450	12,450	12,450	12,450
Other interest expense and amortization	1,916	4,067	3,772	5,188	2,927	3,573
Total fixed charges	38,398	77,606	88,378	116,115	96,129	79,105
Earnings before taxes on income and fixed charges	$121,131	$286,178	$254,536	$240,285	$180,484	$189,227
Ratio of earnings to fixed charges	3.15	3.69	2.88	2.07	1.88	2.39

CERTIFICATIONS

I, William H. Downey, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Kansas City Power & Light Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report:

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 6, 2004 [redacted]

/s/William H. Downey [redacted]

William H. Downey
President and Chief Executive Officer

CERTIFICATIONS

I, Andrea F. Bielsker, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Kansas City Power & Light Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report:

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 6, 2004 [redacted]

/s/Andrea F. Bielsker [redacted]

Andrea F. Bielsker
Senior Vice President - Finance, Chief Financial Officer and Treasurer

Certification of CEO and CFO Pursuant to
18 U.S.C. Section 1350,
as Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report on Form 10-Q of Kansas City Power & Light Company (the "Company") for the quarterly period ended June 30, 2004 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), William H. Downey, as President and Chief Executive Officer of the Company, and Andrea F. Bielsker, as Senior Vice President - Finance, Chief Financial Officer and Treasurer of the Company, each hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his or her knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/William H. Downey
[redacted]
Name: William H. Downey
Title: President and Chief Executive Officer
Date: August 6, 2004

/s/Andrea F. Bielsker
[redacted]
Name: Andrea F. Bielsker
Title: Senior Vice President - Finance, Chief Financial Officer and Treasurer
Date: August 6, 2004

This certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document. This certification shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 or otherwise subject to liability under that section. This certification shall not be deemed to be incorporated by reference into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934 except to the extent this Exhibit 32.2 is expressly and specifically incorporated by reference in any such filing.

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Kansas City Power & Light Company and will be retained by Kansas City Power & Light Company and furnished to the Securities and Exchange Commission or its staff upon request.